

AGRICULTURE: AN INDISPENSABLE ECONOMIC FACTOR FOR START-UP DEVELOPMENT

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ABSTRACT:

Starting a new business is an experimental and chaotic strategic process and the startup companies have their own unique strengths and weaknesses attributed by their nurturing environment. The business Environment for start-up development can be understand through studying the social, economic, political, legal, technological, cultural and natural environment including global warming, pollution, resource depletion and sustainable development etc. The virtual and vital precondition for the nation's development is vested in the development of agriculture. But, the reality shows that the rural India has low income, less investment and fewer water supplies to facilitate agriculture. By and large, farmers are a part of start-ups chain and in recent past, it is realized to have direct contact with farmers to enhance the sectoral contribution of agriculture towards the national economy.

Thus, the present paper focuses on the concept of 'Agripreneurship" i.e., agriculture as entrepreneurship which is the primary macro-economic factor and essential for the development of start-up businesses. The declined contribution of agriculture results in structural changes in the economy and necessitates remedial and forward steps for improvement. One such step could be establishing new businesses such as processing certain agricultural produce. Thus, the present paper emphasizes the need to realize the importance of start-up businesses based on the field of agricultural products and investigates into such opportunities for Agripreneurs.

Key words: *Start-ups, Business Environment, Agripreneurship, Agripreneurs, Sustainable Development.*

Introduction

The traditional business environment for corporate industries has both advantages and disadvantages on the business. Likewise, the startup companies also do have their own strengths and weaknesses. The educated youth seeking job opportunities have enormous scope for setting up new enterprises (Start-up companies). As their educational curriculum does not focus on the business environment which is unique for every start-up, they might enter into the field in a confusion status.

The upcoming entrepreneurs might be less knowledgeable and sometimes, may not have an idea of the impact of the factors of their business environments. Hence, it is the responsibility of the governments to extend support for start-ups in choosing a particular business and preparing finer business planning.

The business environment for start-up development can be understood through studying the social, economic, political, legal, technological, cultural and natural environment including global warming, pollution, resource depletion and sustainable development etc. The present paper focuses on the concept of ‘agripreneurship’ i.e., agriculture as entrepreneurship which is the primary macro-economic factor and essential for the development of start-up businesses. The declined contribution of agriculture results in structural changes in the economy and necessitates remedial and forward steps for improvement. One such step could be encouraging rural start ups. This includes establishing new businesses based on agriculture such as facilitating better production, establishing processing units for certain agricultural produce and marketing. Thus, the present paper emphasizes the need to realize the importance of start-up businesses based on the field of agricultural products and investigates into such opportunities for agripreneurs.

Agriculture: An Indispensable Economic factor of development

India’s agriculture amounts to 14.2% of its GDP and it is known to be the second largest country in food production. Agriculture provide raw material to various industries of national importance such as sugar cane, jute, cotton etc. the food processing industry also in way is dependent on agriculture. 50% of the country’s exports are based on agricultural produce. Hence, development of agriculture is a virtual and vital precondition for the nation’s development.

But, the reality shows that the rural India has low income, less investment and fewer water supplies to facilitate agriculture. Moreover, a common farmer in India, on an average, has to travel for about 12 km to sell their crop in the market. Having no transportation or less transportation reduces the options of marketing farm produce. Many of the times, farmers pour their farm produce on roads because of lack of market price.

Agricultural Based Start-ups

By and large, farmers are a part of start-ups chain. In recent past, it is realized to have direct contact with farmers to enhance the sectoral contribution of agriculture towards the national economy. Accordingly, the concept of setting up enterprises based on agricultural produce is been introduced. ‘Agripreneurs’ are the entrepreneurs who are on the rise of solutions to improve farm productivity, increase agricultural sustainability, renovate supply chains for agri-business and promote farm based food products.

Farmers are dying of crisis in the market. The farmer families could be getting ridden of such crisis by encouraging start-ups in rural arena. For that government should allocate budget and encourage entrepreneurs in the agricultural field, particularly, in micro, small and medium sectors.

These start-ups can involve farmers, their associations, co-operatives etc. Centre for Sustainable Agriculture (CSA) is one of such organization established in Hyderabad of India which assists farmers in all aspects. It encourages organic farming and is involved with farmers both in their socio-economic life.

Indian Society of Agribusiness Professionals (ISAP) established in 2001 is the largest network of agribusiness professionals in India which works for the empowerment of rural India through sustainable farm and non-farm income growth.

Following are a few start-up ideas based on agriculture:

- Kitchen gardening if extended can take form of a start-up.
- Family businesses can be developed at start-up level
- Start-ups could be established in agriculture, horticultural, live stock, fisheries/ pisciculture, animal husbandry- cows, sheep, goats, poultry-produce milk and eggs, meat etc. at the local level
- Collecting farm produce and facilitate marketing.
- The unhealthy competition among dairy processor companies in urban areas and unorganized competition at local milk markets necessitates start-ups at rural level.
- Setting up processing units of farm produce i.e., of Milk products, vegetables like tomatoes, onions, maize, fruit pulp, cereals, millets. As such, there is a requirement of one processing unit for millets for about 1000 acres at Mandal level.
- Growing medicinal plants like Aloe vera, processing and marketing the products of it can be a good idea to begin a start-up.
- Start-up units can also be launched to support agriculture such as preparing and selling compost to improve productivity.
- Start-ups can introduce farming by substituting pesticides with pest control crops which are harmless, organic and cheap.
- Organic farming, facilitating markets for organic produce, supplying organic produce to most retail outlets and online food delivery companies
- Starting community radio station to offer advises to farmers is a very good idea to start-up
- Formation of unions for farm producers and initiating farm produce collection, processing and marketing units is another great idea to support farmers in need.
- The idea of selling crop insurance can be a pure commercial thought.

Agri-based Start-ups by applying Technological Advancements:

We need more start-ups to work at the grass-root and rural levels. Technological advancements can be utilized in promoting start-ups based on agriculture. With an extended use of mobile services and internet in rural areas, startups do emerge and focus on offering advises to farmers. In India, there exist certain start-

ups with such support viz., Digital Green, Kissan Kerala, Awaaz dee, Barrix agri sciences pvt ltd and First Agro, etc.

Following are few more ideas in the manner:

- Instead of investing directly in farming, start-ups can put together the data related to food production and make it more accessible by using information technology.
- Start-ups can be encouraged to offer advanced soil testing to farmers and a build platform to extend support in soil management decisions.
- By using soil sensors, supporting farmers by offering recommendations on the right time to plant and harvest the right crops for the location.
- Start-ups can work on exploring technology to detect weeds.
- Setting up distribution chains is also a good idea to market the farm produce.
- Enhancing rural supply chain management through cloud computing is another option of commence start-ups by using technology. Extending technology to remote places in India is a tedious work but then benefits the overall production process.
- Technologies of electronics, IT and bio-technology can also be extended to promote agriculture in the fields of medical, veterinary and diagnostics through take the products and solutions into mass market.
- By introducing micro machines, resources optimization and reduction in the workload of machine maintenance can be achieved.

Challenges

- When compared to other technology start-ups, the agri-based start-ups also afford equal risk and rewards to the agripreneurs. Moreover, the live opportunities are available in this sector which adds to the overall development of majority population.
- The major challenges for agripreneurs include lack of awareness among startups about possible capital raising options. Very few investors look at investing in agriculture. Now-a days, venture capitalists are investing in this sector.
- Using technology and new innovations is not that easy in the farm sector, as it has worked in e-commerce and it will take time to adapt.
- Good thing about this sector is that the market size is very huge and the problems faced can be solved. If any startup can solve even few of existing problems faced by the sector, it is possible to create multi-billion dollar opportunities.

Surmounting the Challenges and Minimizing the Risk

Food and agricultural technologies are turning interesting to make investment as this sector is recession proof. Investors now-a-days are supporting agripreneurs to develop solutions that improve farm productivity

and assure agricultural sustainability. There are certain options available for fund raising in case of micro and small traditional agri-businesses. They include subsidized loans, financial support from NGO etc.

Risks should be anticipated, analyzed and addressed during the planning stage. Advice should be sought from professionals in accounting, insurance, banking, and law to minimize the potential risks.

Other than finance all other due care should be taken care in running the start-ups as follows:

- Making the business idea, product or service unique
- The strengths should be enhanced to match the running of a start-up. The size of the start-up in terms of employees, production, sales and profit should be decided.
- Earn profits through sale of products as well as services (i.e., earn economic value with social impact)
- Add technology component to your business idea
- Get answer for the question whether one is willing/able to commercialize your business concept?
- Check with the financial assistance may be available for start-up issues such as legal and accounting
- Physically locate or work on-site for 60 days and love the locations i.e., rural areas. It is advisable to enjoy doing business in the agriculture field.
- Conduct Entrepreneurship Development Programmes.
- Analyzing the competitive advantages and identified any potential problems as earlier as possible.
- The business concept, market research and the industry should be explored to find possible opportunities, government procurement and to identify and evaluate potential problems.
- At the business planning level, determine the customers, their life styles and buying behaviour to find the potential market.
- Apply the best use of strengths and interest in the most appropriate way.
- Seeking support of family in difficult timings is inevitable.

Conclusion

When it is discussed about start-ups, Governments look at only industrial activities and rural shed tears is left over. The start-ups in agricultural sector create a platform for local food entrepreneurs to share ideas. As an important stakeholder, Government should allocate budget to start-ups in agriculture. NABARD, ICAR and other allied institutions can provide a significant value addition to agripreneurs by offering subsidized financing, crop insurance, support mechanization and information dissemination. The Seed Fund invests in Agriculture Startups is an innovative idea for the huge rural masses in India

No doubt that the emerging countries are identified as war fields for the global markets. But before exploring the above ideas, one should check the possibility to sustain a startup which brings in technology to

farming in India. The use of agricultural technology and genetical engineering should be conscientious and vigilant. Start-ups to produce alternate agri-products can be set up by using scientific technologies other than genetical engineering. As proclaimed by bio-tech companies, farming of genetically engineered crops did not really reduce the usage of chemicals. Such productivity did not even surmount the hunger and malnutrition in emerging economies.

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