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Agri-business in India: Problems and prospects

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Abstract

Rural development is one of the key factors who plays very important role in the development of any county whose more than half population resides in rural area .as we know that India is an agriculture country and about 69% of its population directly or indirectly depends on agriculture sector. In spite of being most important sector it is facing lots of the problem. Condition is worst enough which leads to the suicide of farmers. Farmers are still in down position to get benefits of their work. They are still not have any idea about how to sale? How to get right price of their produce? They don't know how to channelize their produce? and if they face any losses then how to overcome from this?. They don't know the latest technologies. So far the betterment of farmers and ultimately for the rural development there is a need to know the importance of proper marketing of agriculture produce and how the better marketing affects the farmers livelihood. This paper deals with Agri-Business Challenges and oppurtunities in India. It outlines the possible ways and means of practicing Agri-Business in India. It explores a more than 50 opportunities of doing Agri-Business in India and also the constraints and challenges in practicing Agri-Business in India. This paper concludes with some important findings along with policy suggestions.

Keywords: Agri-business, agricultural products, farming, market, manufacturers, problems, opportunities

Introduction

Agricultural trade is an important ingredient for economic development. In recent days many multinational companies started retail Agricultural marketing in India. The new technology and increasing inputs are used by farmers, increases the price of inputs and output both. Consumers also expect the availability of goods at reasonable price. To achieve the above conflicting objective, effective marketing strategies can play crucial role. The proper development of effective agricultural marketing strategies will not only decrease the cost of distribution but also facilitate to various section of the population like farmers, traders, consumers, scientists, sociologists, administrators etc.

Marketing infrastructure and strategies serves as the wheels for carrying economic activities. Market infrastructure and effective strategy is important not only for the performance of marketing functions and the expansion of the size of the market. Infrastructure facilities lead to reduction in marketing cost, which is crucial for increasing the income of farmers and reducing cost to the consumers.

A business earns most or all of its revenues from agriculture. An Agri-Business tends to be a large-scale business operation and may dabble in farming, processing and manufacturing and the packaging and distribution of product. The business sector encompassing farming and farming-related commercial activities. Agri-Business involves all the steps required to send an agricultural good to market: production, processing, and distribution. It is an important component of countries with arable land, since agricultural products can be exported. Agri-Business treats the different aspects of raising agricultural products as an integrated system. Farmers raise animals and harvest fruits and vegetables with the help of sophisticated harvesting techniques, including the use of to direct harvesting operations. Manufacturers develop more efficient machines that can drive themselves. Processing plants determine the best way to clean and package livestock for shipping. While each subset of the industry is unlikely to interact directly with the consumer, each is focused on operating efficiently in order to keep prices reasonable. Market forces have a significant impact on the Agri-Business sector. Changes in consumer taste alter what products are grown and raised. For example, a shift in consumer tastes away from red meat may cause demand and prices for

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beef to fall, while increased demand for produce may shift the mix of fruits and vegetables that farmers raise. Businesses unable to rapidly change in accordance to domestic demand may look to export their product abroad, but if that fails they may not be able to stay in business.

Importance of agri-business

Agri-Business denotes the collective business activities that are performed from farm to fork. It covers the supply of agricultural inputs, the production and transformation of agricultural products. Agri-Business includes all the activities within the agricultural food and natural resource industry involved in the production of food and fiber. Individual Agri-Businesses may sell items to farmers for production; provide services to other agricultural businesses; or be engaged in the marketing, transportation, processing, and distribution of agricultural products.

Agri-service is activities of value to the user or buyer. The activities are an intangible product. Marketing is providing the products and services that people want when and where they want them. Agri-Business provides people with food, clothing, and shelter. It also provides jobs for millions of people in science, research, engineering, education, advertisement, government agenda and their distribution to final trade organizations, and commodity organizations. Agri-Business pertains to the public and private sectors. The public sector is the economic and administrative functions of dealing with the delivery of goods and services by and for the government. The private sector is the part of the economy associated with private profit and is not controlled by government. Agri-Businesses process inputs into outputs. An input is a resource used in production. An output is the result of the production process. Agri-Business denotes the collective business activities that are performed from farm to fork. It covers the supply of agricultural inputs, the production and transformation of agricultural products and their distribution to final consumers. Agri-Business is one of the main generators of employment and income worldwide. Agri-Business is characterized by raw materials that are mostly perishable, variable in quality and not regularly available. The sector is subject to stringent regulatory controls on consumer safety, product quality and environmental protection. Traditional production and distribution methods are being replaced by more closely coordinated and better planned linkages between Agri-Business firms, farmers, retailers and others in the supply chains.

Types of agri-business

Agri-Business based on agricultural products is a type of agricultural business that deals with the the production of agricultural products (Plants and animal) for commercial purposes so as to make profit. Agro-business that is focused on agro-products usually use Agri-Business services like agricultural marketing or agricultural advertising in reaching their buyers. The agricultural products are either sold to local buyers or international buyers i.e agricultural products exporters export agricultural products to importers of agricultural products who import agricultural products either for immediate consumption by consumers or for production of other products. The sellers of agricultural products who sell agricultural products are able to reach agricultural

products by using various means of agricultural products marketing (agricultural marketing- one of the agricultural business services) which could be by advertising agricultural products online or offline. Marketing agricultural products online can be done by listing agricultural products on sites like classify24.com that provides agricultural classifieds, agricultural b2b marketplace or agricultural business directory.

Agricultural Equipment Business or Agricultural Machinery Business: Just like agricultural products business, agricultural equipment business or agricultural machinery business is focused on manufacturing and selling of agricultural equipment or agricultural machinery. So many commercial farmers depend on farm equipment or farm machinery for farm mechanization. Thus agricultural equipment are either sold to local buyers or international buyers of such farming equipment. In other words, agricultural equipment exporters export agricultural equipment to importers of agricultural equipment who import agricultural equipment. Agricultural equipment are either sold online or offline.

Agricultural Services Business: This type of agricultural business provides agricultural services for profit. Without agricultural services, there will be difficulty in the success of agricultural products business and agricultural equipment business in terms of agricultural education, agricultural research, agricultural marketing, agricultural logistics, agricultural financing, agricultural insurance, agriculture jobs, veterinary services, pet services, etc. These agricultural services are either carried out online or offline.

Agrochemicals Business (Agricultural Chemicals or Agrichemicals): This is a type of agricultural business that is concerned with the manufacturing and selling of chemicals used in agriculture for profit. These chemicals are either used to increase agricultural products yield (e.g fertilizers), control weeds (e.g herbicides), control pests (e.g pesticides), etc.

Agro-allied Business: This refers to a business that either derive agricultural products and agricultural services or businesses that provide products, equipment, chemicals or services for agricultural sectors. The products are called agro-allied products while their services are called agro-allied services. Agro-allied businesses are part of agro-allied industries.

Agri-business prospects in India

India has vast Opportunities to do business with Indian Agriculture are enormous. Fruit pulp, concentrates, flavors, extracts, frozen fruits, frozen vegetables, pickled products, assorted products. Fruits, Vegetables, Food grains, Mushrooms and Medicinal and Aromatic plants etc. They are discussed in detail

Vermicompost-Organic Fertilizer Production:

Vermicompost organic fertilizer production has now become a major component of agro-business models across the country with a very low initial investment. An entrepreneur can start this business with the proper know-how of the production process.

Dried Flower Business: Dried Flower Business in specialty flower is a very profitable venture now worldwide. Flower production is one of the fastest growing crop trends in agriculture today with a strong demand for all types of flowers, especially unique and hard-to-grow varieties. The interest in cut dry flowers has increased consistently over the last ten years.

Organic Farm Green House: An organic farm greenhouse business has a high potential to grow and succeed because steadily the demand for organically grown farm products has grown considerably. Organic farm greenhouse business has been normally done on small, family-run farms. But since the demand for organically grown food products is now increasing, people are investing in land for organic farming.

Poultry Farming: Poultry farming in India has transformed into a techno-commercial industry from the status of backyard farming since three decades. Poultry farming is the fastest growing sector in agriculture and farming business. The annual growth rate is 8-10% in egg and 12-15% in the broiler industry.

Mushroom Farming: A mushroom farming business can be a mean of big profit in just a few weeks with considerably low startup capital investment to start a business. A person who has a little bit of idea in the science and technology of mushroom growing and has an own building for having the farm – mushroom farming business will be the perfect option for him to start.

Sunflower Farming: In starting sunflower farming business, the primary requirement is the land. In India, sunflower is often called a commercial cash crop. Growing sunflower for oilseed with maintaining right process is a viable business opportunity. An entrepreneur passionate about agriculture and having owned land can start sunflower farming business.

Guar Gum Manufacturing: Guar gum, locally called guaran, is a galactomannan. It is basically the ground endosperm of guar beans. The guar seeds are dehusked, milled and screened to obtain the guar gum. It is typically produced as a free-flowing, off-white powder. It is a natural food thickener, similar to locust bean gum, cornstarch or tapioca flour.

Bee Keeping: Beekeeping business opportunity demands day to-day monitoring with close supervision to the bees. With the increasing awareness about the health, demand for honey is growing globally. Beekeeping for selling honey and other products like wax is a profitable venture to start with less startup investment.

Fish Farming: Commercial fish farming business is a lucrative investment that can spin money at any time of the year continuously. With the implementation of modern techniques and having owned space, an entrepreneur can start this business with moderate capital investment.

Fruits and Vegetables Export: An entrepreneur can start

an export business of fresh fruits and vegetables by collecting them from local farmers. One can start this business from a home location only having a phone and computer with internet connection.

Micronutrient Manufacturing

Folier and Soil Application: Micronutrient has an immense potential in agriculture business. Having a strong distribution strategy, one can start this manufacturing business with substantial capital investment.

Florist: One of the very profitable agriculture business ideas. Having a retail space and connection with the flower growers, one can start this business. An entrepreneur also can generate a substantial online sale by offering customers door-step delivery.

Livestock Feed Production: This business is small scale manufacturing. Having confidence in distribution, one can start this business to make money out of livestock feed production.

Frozen Chicken Production: Frozen chicken is a hot product now. The demand for this product is increasing globally. An entrepreneur living in a metro or suburban city can start this business with proper planning.

Botanical Pesticide Production: The botanical pesticide is one of the most profitable agriculture business ideas. It is an essential and mandatory product for organic farming and the demand for this product is increasing highly.

Fruit juice-Jam-Jelly Production: Fruit juice-jam-jelly production business has the huge market opportunity. Most important thing is the production process is not that complex and can be initiated small-scale basis.

Groundnut Processing: Having confidence in the source of raw material ground nut an entrepreneur can start this business with moderate capital investment. Processed groundnut has very good market potential globally.

Cashew-nut Processing: Processed cashew nut is a consumer durable product and has huge market potential. An entrepreneur can initiate this venture semi-automatic small scale basis.

Quail Egg Farming: Commercial quail farming is all about raising quails commercially for the purpose of profitable eggs and meat production. Globally quail farming is playing an important role in fulfilling the daily family nutrition demands and earning livings.

Shrimp Farming: Shrimp farming is an aquaculture business that exists in the freshwater environment, producing shrimp or prawn for human consumption. The demand for this product is increasing globally.

Fish Hatchery: A fish hatchery is a place for artificial breeding, hatching and rearing through the early life stage of finfish and shellfish in particular. Hatcheries produce larval and juvenile fish primarily to support the aquaculture

industry where they are transferred to on-growing systems.

Piggery: Having a sufficient landholding an entrepreneur can start a piggery business. Among the various livestock species, piggery is most potential source for meat production and pigs are more efficient feed converters after the broiler. The major facility is pig farming requires a small investment in buildings and equipment.

Soya Beans Processing: Commercially soya beans processing to produce milk, soy flour, soya sauce, soya bean oil, natto etc is a very profitable agriculture business ideas to start with moderate capital investment. With proper marketing strategy, an entrepreneur can start this business in small scale also.

Spice Processing: Rising global demand gives a boost to spice processing industry recently. Good quality processed spice has very good demand. Processing and packaging methods are not very complex. The margin is also very satisfying in spice processing business.

Vegetable Farming: Vegetable farming is one the most profitable agriculture business ideas. Having sufficient land an entrepreneur can start good quality vegetable farming with quality seed and fertilizers.

Chicks Hatchery: Chick's hatchery business is all about making money by selling commercially produce chicks to local egg and poultry farmers. It is a highly profitable business to start with a small capital and as such no specialized knowledge is required.

Tea Growing: Tea growing business has huge potential and demand for the product is increasing globally. Tea plants typically fare best in acidic soil and regions with heavy rainfall around 40 inches per year, although they can be grown anywhere from sea level to altitudes as high as 1.3 miles above sea level.

Grocery E-Shopping Portal: Grocery E-shopping portal is a most trending business in recent phenomena. This tech-based business opportunity demands proper planning and strong online marketing strategy to start.

Medicinal Herbs Farming: Growing medicinal herbs commercially are one of profitable agriculture business ideas. Having sufficient land and knowledge about the herbs marketing, an entrepreneur can initiate medicinal herbs farming with moderate capital investment.

Cactus Arrangements: Cactus is the most favorable item as plant decor item. This is ideal for tabletop gardens, and many plants can coexist happily in the same container. Creating and selling cactus arrangements is a very profitable and self rewarding business to start. It can initiate from a home location with low startup capital.

Dairy Farming: Commercial dairy farming is one of the most profitable agriculture business ideas. Apart from milk, it produced a quantity of manure. There is a tremendous scope/potential for increasing the milk production through

profitable dairy farming.

Goatery Farming: Goats are among the main meat-producing animals in India. This meat is one of the choicest meats and has huge domestic demand. Due to its good economic prospects, goat rearing under an intensive and semi-intensive system for commercial production has been gaining momentum for the past couple of years.

Corn Farming: Corn (Maize) is one of the most versatile emerging crops having wider adaptability under varied agro-climatic conditions. Globally, maize is known as the queen of cereals because it has the highest genetic yield potential among the cereals. Commercial corn farming by using modern technology with quality seed is one of the most profitable agriculture business ideas.

Certified Seed Production: Seed certification is a quality assurance system whereby seed intended for marketing is subject to official control and inspection. At its simplest, the system certifies that a sack, packet or box of seed contains what it says on the label and that the seed was produced, inspected and graded, in accordance with the requirements of a Certification Scheme. To initiate this business you don't have any requirement of land, just start the venture by contract farming.

Soil Testing Lab: Soil Testing is agronomically sound, beneficial and environmentally responsive tool used for monitoring the nutrient as well as making precise fertilizer recommendations for various crops and cropping sequences ensuring no damage to the environment. Establishing a soil testing lab with a Government certification is one of ideal agriculture business ideas.

Horticulture Crop Farming: Horticulturists produce fruits, flowers, and plants in greenhouses and nurseries. Selection of the crops and method is important in this business.

Fodder Farming for Goats and Cows: Fodder is any agricultural foodstuff used specifically to feed domesticated livestock, such as chickens, horses, pigs, cattle and goats. The term refers to food given to animals, rather than the food they forage for themselves. Types of plants typically grown for fodder include alfalfa, barley, oats, clover, grass and wheat.

Agriculture Consulting: As with other consulting services, agriculture consulting requirement is surely expected to grow with coming days. People with experience and knowledge in a specified field of farming activity can consider offering consulting services to organizations and farmers.

Rabbit Rearing: There is no law prohibiting the keeping of rabbits in Towns and Cities. A backyard can serve as a good source of additional income, food and employment; thus reducing poverty, hunger and idleness. Rabbit do not compete with humans for food, as kitchen leftovers, cut grasses and formulated or compounded feed can sustain them. Rabbit keeping does not require much capital for investment and maintenance. As little space is needed, most

rabbits could be kept in the backyard or in the abandoned sheds.

Grass Cutter Farming: Grass cutter is worth considering for use in husbandry in the humid forest where poor grazing and harsh environment limits the performance of conventional livestock. Ranching of grass cutter as a backyard mini livestock would therefore improve the lot of the peasant farmers, provide an alternative source of animal protein and create job opportunities for urban dwellers.

Coconut Juice Production: From fresh chunks of meat to milk, creams, and powders, the flavor of coconut is a distinctive addition to hundreds of sweet and savory recipes. One can make good money by selling in wholesale to retail outlets and supermarket, but make sure the product is well branded, with company's name and contact.

Local Drinks or Dry Gin Production: A lot of villagers has come to the city and still love to take local drinks, if well packaged, and accessible, you can start making money by selling to some beer palour, while Ogogoro can be supplied to some companies that uses this product as one of their raw materials

Agricultural Brokerage and Consulting: One can start a business in agricultural brokerage by linking sellers of agricultural produce with buyers and get commission for it. One can also become a consultant and offer expert advice or organize trainings and seminars.

Agri-business challenges

Agriculture is the main source of livelihood in rural India, which is home to 75% of the nation's poor. Though it provides livelihoods to more than half of India's workforce, the sector contributes to less than one-fifth of the country's GDP. The per capita income of farmers is a fraction of the national average. Such low incomes are a result of a deteriorating natural resource base, disconnected value chains, fragmented landholdings, weak infrastructure, inadequate knowledge and multiple intermediaries.

In the modern context, the private sector can play a vital and complementary role in ensuring an increase in agricultural productivity. Investments by large Agri-Businesses can ensure coordination of the availability of inputs, facilitation of finance for crops and capital investments and augmentation of resources.

This will enable the delivery of customised extension services to improve productivity through technology, regenerate and enrich land fertility, enable better usage of scarce water resources and adopt best practices in crop management. Policy reforms in the agriculture sector need to cognise for several conflicting needs mentioned above that impact the value chain from the farmer to consumer. There is also need for an enabling policy framework that boosts the provision of rural infrastructure so that wastage can be eliminated and farmers can receive better returns.

The trends in global Agri-Business are changing at a rapid pace and the traditional practices in agriculture seem obsolete today. Now this sector is more concerned with delivering customer value and diversification rather than increasing quantity of production only. The consumer is

more conscious of a number of product attributes before making a decision about the product like low nutritive value, good taste, convenient packaging, easy availability and "Green" products. The regulations in Agri-Business have also approached to its ever highest standards. The environmental protection, food health and safety standards and child labor issues are at the core of consumer welfare theory. Agri-Business firms are exploring other ways to maximize profit i.e. exploitation of niche markets, product innovation, market segmentation, targeting specific customers, product positioning, product differentiation etc. Sustainability of Agri-Business to ensure consumer and producer's welfare is the need of the time.

Recent food crisis in the country wheat flour, sugar, pulses, rice, milk etc. demand prime focus of the policy makers. The major pro-active motivators for the globalization of Agri-Business are the price differentials between national and international markets while the market distortions shortage, hoarding, black marketing etc. at local level are the reactive motivators. The more is the difference between national and international market prices, the more will be the market distortions. The global arena is very dynamic with continuous quality improvements and cost competitiveness. The local infrastructure regarding implementation of food safety standards and quality control is not satisfactory. Another major problem is ever increasing prices for agricultural inputs i.e. fertilizers, high yielding seed, fuel, agricultural credit, plant protection measures and farm machinery which put this sector in less productive profile. Hence the increased cost of production put the exporters in a no situation in the international market. At national level, these price hikes have crushed the purchasing power of the consumers. Agri-Business sector is characterized by many functional and institutional inefficiencies. All the marketing functions being performed in transferring the agricultural products from producer to consumer exhibit inefficiency. The functioning of wholesale markets is not satisfactory due to many reasons like lack of storage facilities, unhygienic display sites, exploiting behavior and illegal deductions by the market intermediaries, lack of availability of accurate and transparent market information, nonprime setting mechanism, lack of market research and development efforts, lack of production and price forecasts etc.

The modern marketing concepts like future markets and crop insurance do not exist altogether. One of the major reasons resulting in these functional and institutional inefficiencies is lack of skilled management. In the absence of management agricultural graduates, it becomes a little difficult job to yield quality results from this sector. Productivity of the farmers may be enhanced meaningfully by connecting agricultural research more closely to the needs of farmers and the food industry.

An integrated approach, collaborating the efforts of research institutions, universities and industry should be adopted. International compliance to emerging and changing trends is the need of the time. This target may be achieved by adopting a more proactive approach. In a nutshell, the country's future lies in Agri-Business and we should not only try to add value but create value as well. We should move towards a more integrated approach to remove deficiencies and inefficiencies in this sector. Improving

quality, economizing on cost of production, well-articulated marketing efforts, effective regulatory framework and compliance to increasing international standards are some of the core policy issues confronting Agri-Business sector. Policy reforms in changing preferences and attitudes can serve the purpose by adopting a well-integrated approach involving all the stakeholders.

Conclusion

It could be seen clearly from the above discussion that Agri-Business is very important to sustain the livelihood of millions of farmers in India. It could be noted that India has a vast scope for Agri-Business and also a large number of opportunities for doing Agri-Business. However some of the constraints and challenges are observed towards practicing Agri-Business. In order to overcome such constraints and challenges are observed towards practicing Agri-Business, the following suggestions can be considered. Give priority in the investment in agri business giving more focus on area expansion in cultivation, crop production and processing.

- Bring new technologies and inputs from foreign partners for mass production.
- Larger scale investment for the agro processing business
- Market exploration and linkage development
- Buy back guarantee and contract farming for the mass production.
- Quality and quantity production at the larger extent
- Establishment and operation of Commercial farms
- Advise government for the revision of policies and act to bring conducive environment for FDI
- Larger scale and aggregated farming of the crops Increase productivity and value addition through commercialization and irrigation investments.
- Improve the functioning of factors of production and marketing. Reach out to the poor and increase investment in basic infrastructure
- Insure the supply of fertilizers, seeds and agricultural equipment for all

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