

Government Policies and Rural Entrepreneurship – Case Study of an Horticulture Entrepreneur

Vinod N. Sambrani*

Abstract

India is a country which is in forefront of being called a developed nation. To be a developed nation, India has to first look at its rural development, because 70 percent of the population live in rural areas, which means more than 700 million people are spread across 6,27,000 villages. Rural development is more than ever before linked to entrepreneurship. Establishments and agencies promoting rural development now look at entrepreneurship as a strategic development medium that could speed up the rural development process. Development institutions believe that rural entrepreneurship offers a huge potential for employment. In this paper a case study of a young entrepreneur who has taken up horticulture (vegetable plants nursery) as his fulltime profession, with a mission to help the neighbouring farmers is studied, the purpose of this paper is to understand the government role (policies and schemes), the difficulties faced by the entrepreneur during the start-up time and knowledge transfer from the horticulture department, nursery management. The methodology followed is in-depth interaction with the entrepreneur. The outcome of paper will be to understand how rural entrepreneurship is helping improve the quality of life for families, communities and individuals leading to sustainable economy and environment.

Keyword: Rural Entrepreneur, Government Policies, Schemes, Horticulture, Nursery, Agri-Entrepreneurship

Introduction

In a growing country like India where majority of population resides in rural areas, rural development becomes imperious for economy development of the nation. Majority of population are below the poverty line. In the era of liberalisation, privatisation, and globalisation along with ongoing IT revolution, today's world is changing at an unexpected pace. To be a developed nation, India has to first look at its rural development, because 70% of the population live in rural areas, which means more than 700 million people are spread across 6,27,000 villages. Rural development is more than ever before related to entrepreneurship.

Entrepreneurship is seen as the tool to fasten up the rural development process by the individuals and institutions.

Promotion of rural enterprises is considered as a key strategy by the politicians to reduce the rural migrations, and thus acting as instrument to enhance the farm incomes (Awasthi, 2011). With rural entrepreneurship as mechanism to enhance the employment opportunities, especially for women who seek jobs close to their homes reducing their dependency over the society and making them liberal. Many individuals and institutions have known the aggressive need for such rural enterprises. To all these groups, however, entrepreneurship stands as a means of transportation to develop the quality of life for individuals, families, and communities and to withstand a healthy economy and atmosphere.

* Associate Professor, Kousali Institute of Management Studies [KIMS], Karnatak University, Dharwad, Karnataka, India.
Email: vinodsambrani@gmail.com, vnsambrani@kud.ac.in

Economic development can happen only when the entrepreneurship is aligned with rural development. And without such efforts, rest other aspects of development are useless. Entrepreneurship in rural areas needs to be additionally supported by congenial environment for them to sustain and mere acceptance and alignment of entrepreneurship to rural development leading to economic development is not going to help (Swamy Tribhuvananda & Nandeshwar, 2011). Rural entrepreneurship promotional policies are the key factors to the existence of such congenial environments. The conceptual structure of entrepreneurship of these policies decides its effectiveness.

Research Methodology

The research is an empirical study of a specific case of a young entrepreneur. The methodology used here is an in-depth interview to collect the primary data necessary for the purpose.

Objectives of Study

1. To understand the government role in support of rural entrepreneurs
2. To ascertain the difficulties faced by rural entrepreneurs
3. To understand the linkage of knowledge transfer from horticulture department.
4. To know the contribution of rural entrepreneurship to improve the quality of life, and create a sustainable economy and environment.

Definitions

Who is an Entrepreneur?

An entrepreneur is an individual who competently and effectively combines the four factors of production. Those factors are natural resources, human input into production using available resources, capital in terms of equipment used in production i.e. machinery and intelligence, knowledge, and creativity.

An entrepreneur is a person who starts a trade or an enterprise or a business or a firm. An entrepreneur is the individual who initiates, organises, manages, and

controls the affairs of a business unit. Peter Drucker also agrees that innovation is the specific tool of entrepreneurs (Drucker, 1986). Here, he defines “an entrepreneur is one who always searches for change, responds to it, and exploits it as an opportunity, an entrepreneur starts the enterprise, organizes it, supervises it and engineers long run plan of the enterprise”. He/she is especially inspired and a talented person, who gears new ideas, visualizes opportunities for introducing new merchandises, systems and new source of stock of required goods to consumers.

What is Entrepreneurship?

The process of bringing in a new idea to implementation, keeping in facts the hard work, dedication, efforts, time, money, knowledge, and risk of failure to attain a positive result through financial gains, satisfaction and independency is known as entrepreneurship (Balachandran & Sakthivelan, 2013).

Thus, “entrepreneurs” represent proprietor and manager and controller of the business.

What is Rural Entrepreneurship?

Rural entrepreneurship is that enterprise which ensures value addition to rural resources in rural areas engaging largely rural human resources.

Rural Entrepreneurship in India

Some individuals who happen to be local leaders and NGOs and who are dedicated to the cause of the rural individuals have been catalytic mediators for development. Though their hard work need to be acknowledged yet much more is needed to be done to reverse the direction of movement of people, i.e. to invite people in to the rural areas. (Brijesh Patel, 2013) People, especially the younger generation need to identify the prospects in rural areas, which will bring back the people migrated to other places as well stop people from migrating.

Despite all the shortfalls in rural areas one should evaluate their strengths and build on them to make rural places a prospect. This is much to do with the way one sees the reality of the rural places. An unemployed person would certainly like to do something practical with the confidence of achieving such desired milestones, despite

of challenges. It isn't that there is a lack of people with such a mind-set.

These people change their mind-sets due to various reasons and tend to be a part of the ever growing number of job seekers (Petrin, 1994). This change can be overcome by positive motivation and creativity. With a timely enrichment of knowledge to these people will definitely improve the rural areas. Right efforts are to be channelised to capture the young people with such outlook thus, creating a rural entrepreneurial era.

Background of the Study

Unemployment is the major challenge India has been facing in the process of its progress. Lakhs of youth are entering the job market every year after completing their schooling. The entry of computerisation and mechanisation in every sphere of commerce and administration due to the advent of science and technology has added highlight to the problem. On the rural side, the employment potential in agricultural economy also seems to have reached a saturation level leading to large-scale movement of manpower from rural areas to urban areas adding miseries and burden to already over strained civic infrastructure. Millions of unemployed youth predominantly from rural and semi-urban background who could not access higher/professional education but oriented towards white-collar jobs are motivated to depression for not finding a job. Of late, these distressed youth are involved in antisocial deeds for their livelihood. This tremendous waste of human resources and mismatch of potentiality with productive positioning has puzzled the planners and administrators. All these clearly indicate the need for endorsing self-employment entrepreneurial projects among the unemployed people.

We all know that majority of population of the country are still reliant on agriculture. Though, lot of research in agricultural sciences is being carried out in the country, there is an abundant need for more extension services to express the research findings to the farmers. Agriculture Entrepreneurship Development Programs (EDPs) aim at disseminating the latest developments from the laboratory to the land.

Further, India, basically being agricultural nation, offers a lot of prospects to undertake agri-business. Combining skills of agriculture with entrepreneurship

can be a feasible option for the youth from agricultural background. Thus youth can be trained in agricultural based EDPs. Entrepreneurs normally write about the economic destiny of nations. They alter the ways people live; they change the path of growth and development; they trigger innovations that redraw economic curves and bring revolution. They walk unbeaten paths and create wealth out of their creativity and innovativeness.

Significance of Agriculture in India

Karnataka having a wide spectrum of biodiversity and different ecological zones suited for agricultural & horticultural crops with a long coastline that encourages fisheries. The state contributes around 7% of the agricultural production and 15% of the horticultural production in the country. It has taken a lead initiative in developing sustainable agro-industry enabled through an 'Integrated Agribusiness Development Policy' covering agriculture and allied sectors (like horticulture, fisheries, animal husbandry, sericulture and food processing) both in infrastructure and industrial fragments on an end to end concept (Karnataka Agri-Business Development Policy, 2010). Indian agriculture is in the edge of revolutionary change.

Karnataka is seen at the technology capital. The drastic development in the service sector has augmented the economic growth of India over the last decade. New and global economic technologies will be the roots of futuristic development in the field of agriculture and associated sectors.

Farmers in the developing economies are largely benefitted by many such exciting new technologies. Incorporation of such technologies has resulted in the sustained growth of agriculture in developing and developed nations.

Karnataka with its immense opportunities offers high growth avenues in agriculture and associated sectors through its different agro-ecological zones and other natural benefits. It is obvious for Karnataka to have a strategic influence on the growing demand in both domestic and international markets through the modern technology and practices.

Priority for increasing productivity, production, reduction in production cost, wastage, value addition, price stability, high-tech agriculture, proper irrigation, nutrient management, genetically modified varieties, use of

organic farming techniques, green house planning, harvest management, pest and rodents management, conservation and development of livestock management, hygiene, and of course understanding of export markets, etc. are the thrust areas that need a strong consideration.

The above mentioned thrust areas are to be addressed through proper institutional structure framed by the agribusiness policy, which must facilitate latest management practices, skills, technology and investments. This policy must give access to market through market intelligence, enhancing scope of supply chain in both domestic and international requisites.

Government of Karnataka Integrated Agribusiness Development Policy, 2011 with increased dispersal of technology hopes to extend a framework to increase the yield, increase in exports, maintaining, grading and food safety and sustainable farming practices, reduction in post-harvest losses, and reduced prices in the domestic consumer markets (Karnataka Agri- Business Development Policy, 2010).

This policy has also been materialistic in developing the much desired agro-infrastructure and agro based industries to ensure sustainable agribusiness growth in Karnataka through its knowledge, technology, and ways for international markets apart from investments by the private sector.

Horticulture in India

Horticulture is one of the main agricultural practices in the nation (Horticulture, n.d.). It is a science that deals with cultivation of gardens. i.e., growing flowers, vegetables, ornamental plants, and fruits. The main motto of horticulture is to increase the farmers' income and enhancing their standard of living by acting as the sole employment opportunity through proper use of technology, increasing the area and productivity of their lands. Diverse agro-climate in India has been highly favourable for growing many horticultural crops. It is the second largest producer of fruits and vegetables.

The nodal agency in India is the Department of Agriculture and Co-operation, Ministry of Agriculture, which encourages horticultural entrepreneurship in the country. Many schemes like "National Horticulture Mission" and "Technology Mission for Integrated Development of Horticulture" have unleashed benefits of diverse horticultural

crops in the regions of Northern part of India. To promote the horticulture, National Horticulture Board (NHB) was set up for proper coordination, stimulation and stable production for processing of vegetables and fruits.

Several initiatives to support modern markets, facilities like state of art infrastructures, electronic auctions, cold rooms and transportation etc., for the vegetables, fruits and other perishables in urban locations have been considered. These modern markets make an easy way for the producers to market their products. With all such initiatives and support, there exists a vast prospect in Indian horticulture sector. Many Indian horticultural crops are traded by active global investors and entrepreneurs. Efforts by the government to commercialise the Horticultural activities are initiated across the country. Vegetables, fruits, flowers, spices, and many other crops are the sub-categories of horticulture sector.

Horticulture and allied sector is an integral part for food and nutritional security in the country (Department of Horticulture, n.d.). All these are regarded as the essential ingredients of economic security. To have sustainable development in the field of agriculture, a well-planned use of land and optimal utilisation of natural resources, Government has recognised horticulture as a means of diversification, thus creating ample employment opportunities for both youths and women in the country. Currently, India is second largest producer of vegetables and fruits in the world and also has maintained the top position in the production of many commodities. India has also made noticeable development in the production of flowers. Further, it is the major producer, consumer and exporter of spices. Almost all the States in the country produce one or more spices. Madhya Pradesh, Andhra Pradesh, Odisha, and Tamil Nadu are the highest spice producing states in India. North Eastern region and Andaman and Nicobar Islands also have potential areas cultivated for spices, particularly organically.

Horticulture in Karnataka

Karnataka is a predominant player in the horticulture sector in India. Although the sector accounts only 15 percent of total net area sown in the state, its contribution to gross value of output of agricultural sector is over 40 percent. Karnataka is the largest producer of spices, aromatic, and medicinal crops. Since the past decade, India has witnessed a huge demand for horticultural

produce from domestic and international markets due to increase in per capita income and shift in consumption pattern of the population. This phenomenon has provided a big opportunity to the farmers for fetching higher income through high value horticultural crops. The sector also provides excellent opportunities to farmers in rainfed areas, where a significant shift in horticultural area and production is being evident.

Karnataka is the first state in the country to have an independent Horticulture Department, and many other states, at later years, followed the example of Karnataka. Because of this, the state could achieve amazing progress in many fronts of horticulture, whether fruits or vegetables or flowers or plantation crops.

The diverse agro-ecological conditions prevailing in state has made it possible to grow different types of horticultural crops. The sector still has great potential to grow in the future through area expansion as envisaged in the State Agricultural Policy 2006. To achieve 4.5 percent of growth rate in agriculture, the role of horticultural sector is vital as both farmers and agriculture sector suffer from low value crops grown in the state. The main focus of the sector will be to make horticulture as a viable alternative to agriculture sector.

Karnataka is in the forefront in respect of area and production of many horticultural crops, but the large potential available to intensify area under fruit crops in the North and North-Eastern dry regions of the state is yet to be exploited (Swamy Tribhuvananda & Nandeshwar, 2011). There is considerable gap in the productivity of fruits and vegetable crops across the districts of the state. Therefore, there is sufficient scope to increase the productivity of fruit crops by adopting high-tech horticulture. Dryland horticulture and horti-processing can take the best advantage of the resources of these regions.

The horticulture sector ranks 3rd in its area and 6th in production in the country. The state is also a major exporter of floriculture and fruits and vegetables. Through the massive support of Central/State Government and implementation of many schemes like National Horticultural Mission, Micro Irrigation Mission, National Medicinal Plants Mission, RKVY, the production, productivity, quality, post-harvest, marketing and exports of the horticultural produce are all showing remarkable growth in the state.

However, the large share of horticultural production is concentrated in few pockets of irrigated regions and there is still much scope for increasing horticultural production by expanding its coverage in rain fed regions as well as hilly regions of the state, through watershed development programmes and de-siltation of tanks. The productivity and production could be improved by increasing moisture content in the soil. Nevertheless, infrastructural bottlenecks and inadequate extension services are major constraints in increasing horticultural production. Alongside there is a strong necessity for public investment in infrastructural development along with private inventiveness of the farmers.

District Profile - Belgaum

The Belgaum district is situated in the northern part of the state and has an area of 13415 sq. kms and stands fifth in area in the state. Geographically, the district would be divided into 3 parts—(1) hilly zone, (2) north-transitional zone, and (3) north dry zone. Medium to deep black soils is found in major area of the district.

Major rivers like Krishna, Malaprabha, Ghataprabha flow through the district. Different types of soils, climatic factors, and irrigation facilities have made positive conditions for extensive cultivation of horticulture crops. Belgaum is one of the districts in the northern Karnataka where horticulture crops are produced extensively. Hi-tech floriculture has gained prominence in recent years. In entirety, this district is ideally well-matched for cultivation of horticulture crops.

The growth of horticulture in the state has an exciting historical background, which reveals several interesting facts, milestones of achievements and pride inheritances. Suvarna Bhoomi scheme was launched by GoK in the year 2011-12 for promoting small holder horticulture targeting small and marginal farmers and SCs and STs.

About Entrepreneur

Mr. Manjunath Neginal aged 23, after the completion of 10+2 education, in spite of having his own land of 3.5 acres intended to work for a few months. After sometime, he quit the job and planned to start farming. Vegetable growers then had to get their saplings from far off nurseries. Due to non-availability of sapling on timely basis, these vegetable growers were forced to create their

own shed nets in small scales and grow the saplings to match their requirements. These saplings didn't give proper yields.

Considering the status of the neighbouring farmers in the vicinity, the family members, friends, farmers (nearby villages), and relatives advised him to start his own nursery. Initially, it was a challenge to invest himself and learn the activities of the nursery. Just two years back, he managed to start his own nursery in just 4 guntas part of his own land. As and how the demand from the local farmers kept on increasing, the size of the nursery was increased to 7.5 guntas. As with the current demand, every batch approximately consists of 3 lakh saplings, leading to around 24 lakh saplings a year produced and sold. This sale has been giving an approximate income of Rs. 15000/- a month.

He approached the horticulture department during the initial start-up for assistance. The department has been materialistic in all possibilities to assist, guide and have also provided 50% subsidy for his establishment. During the interactions, he also expressed that the sale isn't the same every month. The sales vary and are low in the months of August and September.

With his hardwork and dedication, he has carved for himself a presence in the society. This is clearly evident with his consistency in performance delivery. He is likely to save around Rs. 2.6 lakhs per annum after all his expenses.

The Process

Sapling production starts by creating a mixture of coco peat with Tricoderma (Organic fungicidal) and Vyam (Organic Manure) and filled in Pro Trays (Each Pro Tray can be used for a maximum of 3-4 times). Each Pro Tray consists of 98 holes. Every hole of the Pro Tray is added with only one seed and filled with coco peat. Each filled Pro Trays are covered with Plastic and kept on one another, this leads to fast sprouting of seeds. Eight days after the seeds sprouting, these sprout saplings are drenched with Ridomil and Biozyme. After 15 days, they are sprayed with Roger and Chlorpyrifos. Depending on the crop, saplings will be ready for distribution within 25-30 days.

Expense and Income Ratio= 1:1.33

Government Policies and Schemes

Ministry of food processing industries have come up with various schemes to weed off the significant constraints affecting the much necessitated growth in the vegetable and fruit processing industries. Most of the schemes revolve around developing and training of entrepreneurs, support for infrastructure development for vegetables and fruits processing which also includes mushroom processing, developing hops and industrial areas and linking of contract farming for better market promotion with wide advertisements and marketing of small enterprise products, by providing proper guidance and quality check laboratories, and support from research and development to identify new techniques and practices involved in the overall process.

Under the scheme for setting up of food processing and training centres in rural areas, assistance is provided up to Rs. 2.00 lakhs for plant, machinery and equipment including quality testing equipment etc. and Rs. 1.00 lakh towards seed capital/ revolving fund for commercial production(Karnataka Industrial Policy 2009-14). For food processing & training centre to set up for multi-product activities, this quantum of assistance to come across the cost of plant & machinery and equipment's as well as quality testing equipment etc. could be enhanced to Rs. 7.50 lakhs and the for seed capital/revolving fund for commercial production to Rs. 2.00 lakhs. Assistance under this scheme is available to State/ Central Govt. depts., joint sector undertakings/assisted sector undertakings, cooperatives, nongovernmental organisations, voluntary organisations, Govt. organisations etc. These centres are proposed to be funded to recognise the entrepreneurs who may set up food processing units in rural areas thereby providing self-employment and decrease in migration of rural population to urban areas. It would also lead to transfer of technology to rural areas, as also familiarisation with modern processing techniques. These food processing & training centres will offer 'hands-on' experience in operating and managing a small unit. The trainees will participate in each activity from book-keeping, manufacturing, quality testing to marketing of products so as to get an acquaintance of real circumstances which would instil confidence in them to set up and run commercial projects. This type of learning is also to generate a spirit of co-operation and encourage food processing cooperatives in rural areas.

Several significant initiatives have been taken in recent years by the Government in order to reverse the descending trend in agricultural production (Schemes and Incentives for Horticulture, n.d.). Some of these important initiatives include:

- Bharat Nirman,
- National Rural Employment Guarantee Programme,
- National Horticulture Mission,
- Expansion of institutional credit to farmers,
- Establishment of the National Bee Board,
- Establishment of the National Rainfed Area Authority,
- Establishment of the National Fisheries Development Board (NFDB),
- Watershed development and micro irrigation programmes,
- Reforms in agricultural marketing and development of market infrastructure,
- Revitalisation of cooperative sector,
- Agri-business development through venture capital participation by the small farmer agri-business consortium,
- Reform and support for agriculture extension services,
- National Rural Health Mission,
- National Food Security Mission,
- Rashtriya Krishi Vikas Yojana to incentivise the states to invest more in agriculture,
- Integrated Food Law,
- Legislative framework for warehousing development and regulation,
- Protection of Plant Varieties and Farmers' Rights (PPVFR) Act, 2001,
- National Bamboo Mission, and
- Knowledge Connectivity through Common Service Centres (CSC) and IT initiatives.

The above initiatives of the Indian government have been designed to facilitate the farmer to think beyond his fields and farms.

Conclusion

It is obvious that motivation is an essential part of all successful entrepreneurs. One or more aspects together impact Entrepreneurial activities in villages. Government accords the highest preference to development of rural enterprises by framing and implementing suitable policies and promotional schemes and providing encouragements for quality up-gradation, discount on excise duty and provides technical supportive services. Thus Government plays supportive role in developing entrepreneurs.

A proper macro-economic environment is pretty much essential for the overall economic development. Apart from this, it also requires a framework to build a sustainable economy, through development of practical tools for taking risks and sharing them in the infant uncertain stages of any entrepreneurial ventures. Economic development of rural areas cannot be an exception in this respect. It might be reassuring to conclude that the success of business venture or long term survivability of business totally depends upon the nature of entrepreneur motivational factors.

An entrepreneur in true sense, backed up by proper guidance and support can lead to a successful life. Thus, creating a conducive environment for the society, economy of the country, and himself. Further to say, Government must nurture entrepreneurs so that they become entrepreneur in true sense, by expanding and diversifying to create wealth and employment. As of now Government provides subsidies as a policy matter under different schemes to horticulture entrepreneurs, if there is no vision both at the government level and at the entrepreneur level, then these entrepreneurs will end up becoming only lifestyle entrepreneurs, whose contribution to the society would be very small and the focus would be only towards self-development which otherwise would have had great impact on the societal and economic development.

References

- Awasthi, D. (2011). Approaches to entrepreneurship development: The Indian experience. *Journal of Global Entrepreneurship Research*, 1(1), 107-124.
- Brijesh Patel, K. C. (2013). Rural entrepreneurship in India: Challenge and problems. *International Journal of Advance Research in Computer Science and Management Studies*, 1(2).

- Department of Horticulture. (n.d.). Bangalore: National Informatics Center.
- Balachandran, V., & Sakthivelan, M. S. (2013). Impact Of Information Technology On Entrepreneurship. *Journal of Cyber Security & Information Systems*, 2(2), 51-56.
- Drucker, P. (1986). Innovation and entrepreneurship : practice and principles. Affiliated East-west Press, New Delhi.
- Horticulture. (n.d.). Retrieved 01 2015, from Government Website: <http://business.gov.in/agriculture/horticulture.php>
- Karnataka Agri- Business Development Policy, (2010). National Portal of India.
- Karnataka Industrial Development Policy 2014-19 Final Draft. NIC, (n.d.).
- Karnataka Industrial Policy 2009-14. NIC, (n.d.).
- Mishra, D. A. (2013). Role of Government in Developing Entrepreneurs. *AISECT University Journal*, 2(4).
- Overview of Indian Government Policies Aiding Rural Entrepreneurship*. (n.d.). Retrieved 02 2015, from <http://yourstory.com/2011/01/brief-overview-of-indian-government-policies-aiding-rural-entrepreneurship/>
- Petrin, T. (1994). Entrepreneurship and supporting institutions: an analytical approach. *Keynote paper presented at the Seventh FAO/REU International Rural Development Summer School, Herrsching, Germany*.
- Schemes and Incentives for Horticulture. (n.d.). Retrieved 01 2015, from Government Website: http://business.gov.in/agriculture/schemes_incentives_horticulture.php
- Swamy Tribhuvananda, H. V., & Nandeshwar, R. L. (2011). Entrepreneurship development in rural communities. *Review of Management*, 1(2).