

Transforming the Agro Supply Chains of India: The Entrepreneurial Way

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ABSTRACT

Agriculture is a time-honored sector of India, which alone has the potential that can help the country top the charts. The sector possesses such capability that it can not only serve the country's need, but also generate surplus that can help earn mammoth revenues from around the world. In spite of the natural advantages and enough potential, its strength remains untapped and it has not been able to attain the scale it was meant to at the time of independence. Right from the production to the final consumption, there is a need of promoting entrepreneurial spirit for the supply of agro products that can help make the most of the sector. Being one of the fastest growing countries with more than 50% of youth population, India needs to harness its hidden talent. Also, the markets need to be stimulated to create greater job opportunities within the agro value chain. The paper discusses in detail the supply chain issues faced by the sector and the overhauling role the entrepreneurial talent lying in the young India can play in improving the situation both for the sector individually and the country as a whole.

Keywords: Agro Supply Chain, Agricultural Entrepreneurship

INTRODUCTION

The agricultural sector is said to be one of the most powerful sectors that has the potential to help contribute towards the attainment of Sustainable Development Goals. Distinctively talking in Indian terms the sector has mammoth potential and so can create wonders for the economy especially when more than 60% of India's land is agricultural land.

India is a global agricultural thrust. It is one of the world's prime producers of milk, spices, and pulses, rice, wheat cotton, tea, sugarcane, fruits, vegetables, farmed fish, sheep & goat meat and has the world's largest cattle herd of buffaloes (The World Bank, 2012).

Agriculture is a sector that plays a vital role in Indian economy. Approximately 54.6% of the Indian population is engaged in agriculture and allied activities as observed in census 2011 and makes a contribution of 17.4% to the country's GVA (current price 2014-15, 2011-12 series) (Government of India, Ministry of Agriculture & Farmers' Welfare, 2016).

Amidst the scenario where the potential of this sector remains untapped, the need for agricultural entrepreneurs has been growing. The youth of the country possess the flair that can help capture agricultural opulence. The rural sector needs the catalytic force that can convert them to a contributor instead of the stumbling block. The post-liberalization era has added a fresh flavor to the scope that various sectors can provide for the population. Although the service sector has been growing with a sky-scraping rate, the agricultural sector possesses equivalent potential to contribute to the GDP.

This paper broadly covers some of the important aspects of agri-business, covering the areas of agriculture supply chain; agricultural entrepreneurship; issues and opportunities for agricultural entrepreneurs and transforming agricultural supply chains with special reference to India.

RESEARCH METHODOLOGY

The study is an exploratory one which tries to explore the issues and opportunities for the entrepreneurial initiative in

the sector of agriculture in India. The data for the purpose was collected from primary sources like farmers, mandis (grain market), wholesalers, retailers, local traders, thela walas (hawkers) etc. and from secondary sources like research papers, books, journals, reports and publications of ministry of agriculture, international data sources etc.

Agricultural Supply Chains: An Overview

Agricultural sector embraces number of businesses like production, processing, distribution, agricultural marketing and food retail organisation systems.

Supply chain is generally concerned with the flow of products and related information to the end consumer. It has eventually entered a logistics stage where other functional areas within companies joined forces to incorporate production, procurement, transportation, distribution, and marketing. The individual suppliers, producers and marketers coordinate their efforts generating synergy as against when they operate individually. The supply chains in most of the cases are beneficial at the consumer ends, as they get products at better prices and quality. In practice the supply chain includes managing horizontal as well as the vertical relationships of the firms. Figure 1 depicts the supply chain in agriculture in its simplest form.

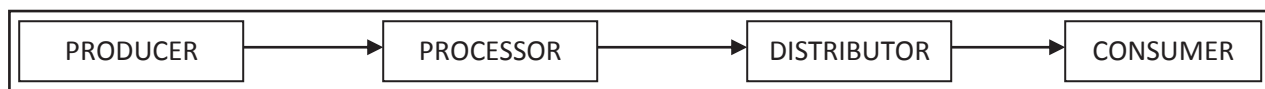


Fig. 1: Schematic Diagram of Agricultural Supply Chain

Changing times have seen a change taking place in the supply chain of agricultural produce. Two forms of supply chains can be seen these days. With the concept of Organized Retailing coming into practice, the supply

chain has undergone a huge transformation. Figure 2 shows two forms of supply chain, where the first one shows the Mandi Route and the other one shows the Organised Retailing Route.

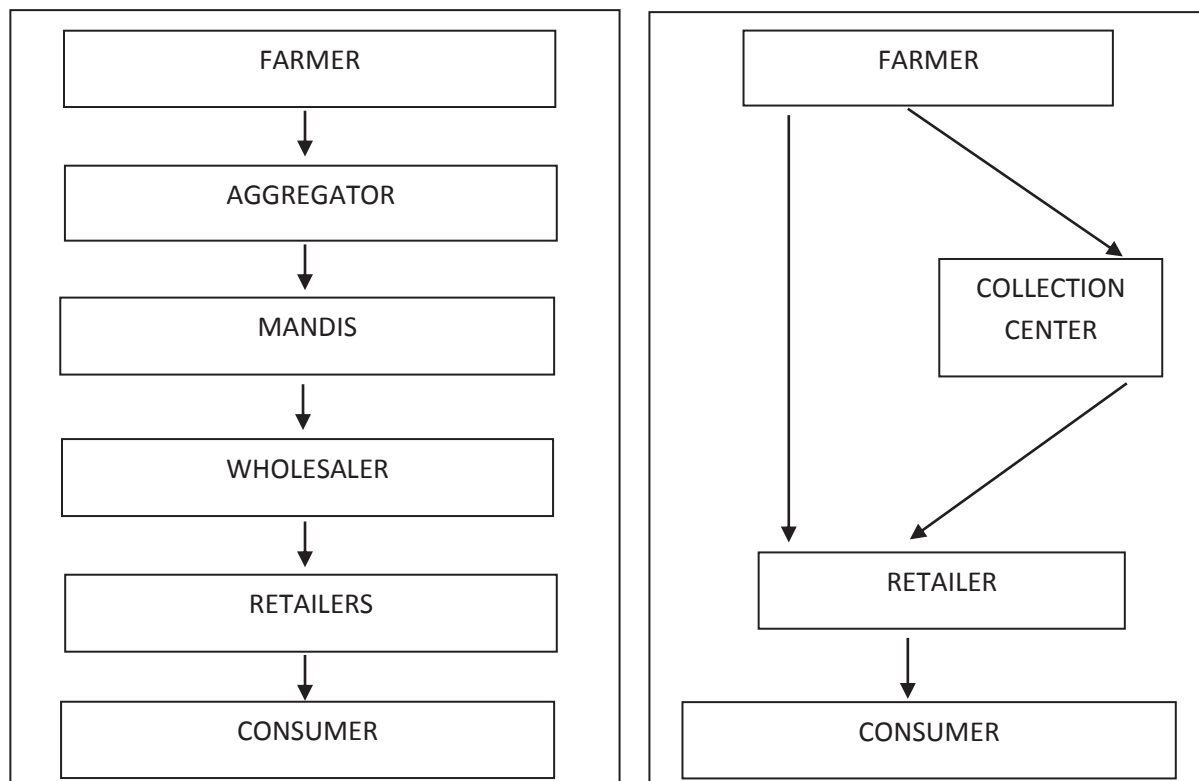


Fig. 2: Changing Supply Chain with the Entry of Organized Retailing

(Source: Government of India, National Institute of Agricultural Extension Management, n.d.)

Entrepreneurship in Agro Supply Chains: Issues and Suggestions

In most of the emerging economies, youth make a larger section of the total population. With the shifting dynamics of agro-businesses and markets nationally and internationally, the sector offer new opportunities. Sadly, Indian youth have not been able to make the most of such opportunities due to several hindering factors and are facing the employment dilemma. The thirst for employment can be quenched through this mighty sector similar to the service sector, but the country has not been able to develop the environment for it.

Anand Singh and Krishna (1994) discussed in their study a case of cotton growers from the state of Andhra Pradesh and emphasized that the lack of necessary entrepreneurial capabilities can render a dreadful failure to a successful agricultural maneuver. Sandhu, Hussain and Matlay (2012) observed that the owner/managers of small family businesses were found to have low levels of the entrepreneurship education and training (named as EET). The authors were of the view that issues like lack of sufficient funds and little awareness about training accessibility were hindering the access of financial education and training for such families. EET was recommended as a prerequisite for agricultural economic growth of the Indian economy.

There is a strong need to encourage the young brigade that the sector carries enough scope for them to showcase their entrepreneurial ability of transforming ideas into successful businesses. Two main reasons can be pointed out for the emerging need of agricultural entrepreneurship. Firstly, lack of efficient agro supply chains results into 30-35% of wastage of food produces. Secondly, more than 60% of Indian population comprises of young men and women and a major portion of this brigade is often unemployed or under paid which is resulting into insecurity and poverty. Particularly in terms of rural background, the consequences are more severe where they mitigate to cities and further depressed engage in anti-social activities. Thus, talking in terms of improvising the sector through the youth talent or generating a platform for making the most of their capacity, agricultural entrepreneurship is a boon for the country.

The government and their development partners need to play a key role for creating an enabling environment for propagating agro-business and thus embracing a novel approach that focuses on rural youth by redesigning rural and agricultural policy and subsequent required investments. The national employment and labour policies

need to give clear focus on agriculture and agri-chains which will in fact markedly contribute in securing and escalating decent employment for the country (Proctor & Lucchesi, 2012).

The post-liberalization era stimulated the government to promote different reforms for encouraging private investment in agricultural businesses to promote coordinated supply chain. The support from Department of Agriculture, Cooperation and Farmers Welfare; Agriculture Produce Marketing (Regulation) Act implemented by various states of India, electronic-national agriculture markets (e-NAM) (Kayarkar, 2016) and various other schemes have come across as endeavors by the government to make improvements in the sector. The reforms, acts, facilities were an endeavor towards establishing an integrated supply chain by establishing direct linkage between farmers, and supply chain members like processors, distributors, retailers, exporters etc.

In spite of such endeavours and measures initiated by the government, there exists a gap that has impeded the sector in achieving the echelon it is capable of. The gap has been due to a plethora of issues that the sector is struggling with. The next section throws light on some of the issues faced by the sector that act as obstacles in the much needed transformation of the sector or promoting and channelizing the entrepreneurial spirits of the nation.

Issues

Youth Turning Back to Agro Entrepreneurship: The major issue that lies under this concept is that the youth are not enthusiastic towards the sector. The attraction that the service industry maintains is far more than the agricultural sector. The status that the banking, insurance, education industries have gained among the youth and the uninteresting and subjugated image of the agri-business among the coming generation is a big obstacle that keeps them away from agro-entrepreneurship.

Lack of Dedicated Training & Incubation Centers: Be it urban or rural areas, centers that can provide adequate quality knowledge and training on agricultural entrepreneurship are invariably missing. In the urban scenario, some initiatives in form of Entrepreneurship Development Centers/Courses have been made by educational institutes of repute, but the approach and access of common public is limited. Taking into account the rural scenario, the situation is all the more pitiful.

Social Environment: The cliché notions of Indian society find pleasure in service industry and have not yet accepted the agricultural sector as a reputable one. Making the

situation worse is the position of women in the society who are still at the back foot with only a few emerging as successful entrepreneurs and all the more lesser in the rural scenario. Another major reason behind the above mentioned dilemma of youth keeping away from agro-entrepreneurship is the lack of family background and educational background that shapes their attitude (Agarwal & Upadhyay, 2009).

Infrastructural Issues: The infrastructural issues like lack of storage facilities (leading to high wastes), poor transportation facilities (including lack of enough cold storage transportation), lack of power and water facilities, lack of suitable fertilizers and pesticides, quality testing centers etc. are the ones with which the existing players are also dealing, and thus definitely are a turn off for the new entrants. Here it is worth mentioning that FCI and other governmental agencies are not playing their role properly.

Lack of a Coordinated Supply Chain: Existence of multiple intermediaries with hardly any control over the members is another reason for wastage, quality deterioration, price manipulations and overall lack of efficient supply chains.

Legal Issues: With the growing concern for human resources, the labour laws have been becoming stringent over the years. Lack of proper understanding and timely information gathering can lead to ending up dealing with major legal problems for the budding entrepreneurs.

Financial Issues: A major part of youth brigade is unaware of the schemes available for entrepreneurial ventures in the field of agriculture and also the problems faced by the existing players in attaining timely credit facilities has also contributed to the loss of interest in the sector.

Market Related Issues: In spite of the endeavors made by the government of India, most of the agricultural areas are not properly connected to the markets. Thus, even if the productivity of the agro produce is high, it eventually goes wasted.

Suggestions

Keeping in view the present scenario, a gap exist that needs to be filled if agricultural entrepreneurship has to spread strong roots as well as give enough fruits. In this context, few suggestions have been given to help agricultural entrepreneurship attain a proper framework benefitting the youth brigade of India and simultaneously help the agro chains help gain maximum utilization of the agricultural produce.

Agricultural Entrepreneurial Environment

The success of an initiative depends upon the entire environment of agricultural entrepreneurship. In other words, the players like farmers, suppliers, processors, transporters, distributors, agents, wholesalers, retailers and above all government need to play their part optimistically and systematically. Each of them needs to play a significant role in helping each other reach the ultimate consumer. Each player needs to maintain an entrepreneurial spirit to uphold an integrated system. An integrated, better coordinated system works better and is more profitable. Building supply chains that revolve around the *social business models* and balances profits and poverty alleviation at the same time (Sodhi & Tang, 2014) would be best suited looking at the contemporary scenario.

Attracting the Youth Brigade

The youth first and foremost need to be attracted towards the agricultural businesses. If they see meaning and also feel the sense of pride in engaging in transforming agro supply chains that they see in other sectors, they can be attracted and stimulated for this very purpose. There is a lack of awareness amongst the youth regarding the scope and prospects of the field. The government should initiate ways of spreading awareness on possible areas of agro-entrepreneurship like agro-produce processing units (rice mills, oil mills etc.), agro-produce manufacturing units (sugar factories, bakeries etc.), agro-inputs manufacturing units (seeds, feed manufacturing, fertilizers, pesticides, machinery and equipment manufacturing etc.), agro-service centers (services for machine and equipment used by the farmer) and other areas like setting up of apiaries, seed processing units, commercial vermicomposting units, goat rearing clubs, retail outlets for vegetables and fruits (organic vegetables and fruits as well) etc. (Bairwa, Lakra, Kushwaha, Meena & Kumar, 2014). The government has to channelize youth towards this field by spreading awareness on the sector prospects and brighter opportunities supported by proper branding.

Promoting Innovation: Another game changer is innovation that is bringing about gigantic changes in other industries. Leaving aside the traditional methods and promoting out of the box techniques keeping in mind sustainability issues is the need of the hour. Government of India should promote innovative methods of production and distribution to raise the standard of the sector. Rao, (2007) emphasized the significance of ICT for agricultural development embracing the rural income and livelihoods perspective at the farm level,

and a sustainability perspective at the regional level. He pointed out that with the growing infrastructure growth of ICT and declining hardware and connectivity costs in the coming days; it is significant institutional environment, policy making and capacity building initiatives that shall be required at various levels of India, in order utilize ICT for the agricultural development process.

Broadening Agro-Entrepreneurial Skills: As mentioned in the earlier discussion, dedicated training centers; agriclincs; and agribusiness centers that can help the budding entrepreneurs sincerely learn the tenets of this field and provide necessary services are rare. Even if there are such centers, the issues of monitoring the impact of those centers/schemes go unattended, resulting into growing disinterest towards the sector. Thus, a chain of dedicated and monitored training centers; academies; agriclincs; and agribusiness centers need to come into practice that work on district/state level with regional head offices and a central monitoring authority.

Also, there is a strong need for revitalizing our higher agricultural education. For the institutions to modernize the programmes and existing infrastructure that can match pace with the changing agriculture and agro-processing needs; sufficient funding and quality teaching are indispensable (Challa, Joshi & Tamboli, 2011). In absence of proper infrastructure and teaching environment, both motivating and preparing the youth brigade for agro supply chain entrepreneurship seems next to impossible.

Trustworthiness and Corruption Free Sector: It has been seen that in the chains where government is involved as collecting centers producers, corrupt practices exist. The producers are highly de-motivated when they do not get enough pay offs for their produce, encounter manipulated prices or their produce is not even bought and it goes wasted. A sense of integrity and zero corruption is a must if the young talent is to be channelized into this sector.

Endorse Group Entrepreneurship: It is quiet evident that capital and skills required for establishing huge ventures are of a higher end. Therefore group entrepreneurship should be promoted where various individuals can pool capital resources to generate larger pools or individuals with adequate capital but lacking skills can partner with highly skilled ones to develop successful ventures. Also, social enterprises can play an enabling role here. Sodhi and Tang, (2011) pointed out in their study, as to how a social enterprise can act as an enabler to agro supply chain entrepreneurship in developing countries by help improve the supply chain operations of the micro-entrepreneurs associated with them by providing easier financial access;

easier market information access; easier market access; better access to supplies & raw materials; and enhanced higher productivity via better health and equipment facility.

CONCLUSION

Summarizing the discussion it can be pointed out that the potential of the sector and the talent of youth in India if brought together can reach unprecedented heights. But for this to happen, the government and its policy makers need to initiate actions that can transform the sector which now stands stagnated. Promoting entrepreneurship in the agro supply chains will inject a fresh vibe serving two motives at the same time. Firstly, the young talent pool that is sitting unemployed will be highly benefitted from it. Secondly, the sector will be able to achieve the affluence it was envisioned to achieve, when the country liberated.

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