

An Overview of Indian Agribusiness

Ashish Ashok Uikey

Symbiosis Centre for Management Studies (Nagpur), Symbiosis International (Deemed University), Pune, India

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1. Introduction

Agribusiness is the business of agricultural production. It encompasses all activities related to the production, processing, packaging, distribution, and marketing of agricultural products. In India, agriculture is the primary source of livelihood for a majority of the population, and agribusiness plays a crucial role in the country's economic development. Agribusiness is an essential part of the Indian economy, with over 70% of its population employed in the agricultural sector. As India's population grows, so too does the importance of agribusiness in order to meet the food and fiber needs of the population. Agribusiness in India has been a vital sector of the country's economy, providing employment opportunities, food security, and export revenues. However, in recent years, the sector has faced numerous challenges such as low productivity, lack of access to credit, and inadequate infrastructure. This article examines the current state of agribusiness in India, highlighting the scope, potential for growth, key challenges and opportunities, and providing suggestions for future development. It will provide an overview of the state of agribusiness in India, including a discussion of the performance of agro-industry in India and its emerging issues, the state-specific legislation related to contract farming, and the effects of input subsidies on agricultural productivity, beneficiary incomes and welfare.

2. Background

Agriculture has been the backbone of the Indian economy for centuries. The agro-industry in India is also an important sector, accounting for more than 15% of the country's GDP. The agro-industry in India has seen significant growth over the years and is now responsible for producing a wide range of products, including fruits and vegetables, dairy products, grains and cereals, livestock, and other agricultural products. Agribusiness in India has a long and storied history. The country is one of the oldest civilizations in the world, with agricultural practices dating back to the Indus Valley Civilization in the 3rd century BC. Since

then, agribusiness has remained an important part of the Indian economy, with many of the country's early empires relying heavily on agricultural production for sustenance and trade. However, in recent years, the agricultural sector has faced several challenges, including low productivity, lack of modern technology, and inadequate infrastructure. These challenges have led to a decline in the sector's growth rate, which has been a major concern for the government and policy makers.

3. Current State

Today, agribusiness in India is facing a number of challenges, including population growth, climate change, and a lack of access to technology and resources. Despite these challenges, the sector is still a major contributor to the country's economy, employing millions of people and providing a significant portion of its food supply. The Indian government has taken steps to promote the sector, including launching various initiatives and schemes to increase productivity and profitability.

Performance of Agro-Industry in India and Emerging Issues

The performance of the agro-industry in India has been positive overall, with the sector witnessing significant growth in recent years. However, there are a number of emerging issues that need to be addressed in order to ensure that the sector can continue to grow at a rapid pace. These issues include a lack of investment in infrastructure, limited access to credit and input subsidies, and inadequate market access.

State-Specific Legislation

The state governments in India have adopted a number of state-specific legislations in order to promote agribusiness. For example, several states have adopted legislation related to contract farming, which allows farmers to enter into agreements with buyers for the sale of agricultural products at pre-determined prices. This has helped to reduce the risk of losses for farmers and has resulted in greater income stability for them.

Effects of Input Subsidies

Input subsidies are an important tool for increasing agricultural productivity and improving the income and welfare of farmers. However, the effectiveness of input subsidies in India is mixed, with some studies showing positive effects and others showing no effect. In addition, there is evidence that input subsidies can result in adverse environmental and economic impacts, such as increasing input use and decreasing agricultural productivity.

4. Potential for Growth

The potential for growth in the agribusiness sector in India is immense. With the right policies and investments, the sector can be significantly strengthened and its contribution to the economy can be increased. Currently, the Indian government is focusing on initiatives to improve productivity and profitability, as well as expanding access to technology and resources. In addition, the government has also established a number of programs to provide financial assistance to farmers and agribusinesses.

India has a large and growing agribusiness sector with significant potential for growth. Some of the factors contributing to this potential include:

- ✚ **Large and Growing Population:** India has a population of over 1.3 billion people, providing a large market for agribusiness products.
- ✚ **Agricultural Diversity:** India has a diverse range of agricultural products, including cereals, fruits, vegetables, livestock, and fisheries, providing opportunities for growth in multiple sub-sectors.
- ✚ **Export Potential:** India has a growing export market for agribusiness products, including exports of agri-products such as rice, wheat, sugar, and spices.
- ✚ **Government Support:** The Indian government has launched several initiatives to support the growth of the agribusiness sector, including the creation of agri-export zones, investment in infrastructure and technology, and financial support for farmers.
- ✚ **Increasing Urbanization:** As India's population continues to grow and urbanize, there will be a growing demand for processed and packaged food products, providing opportunities for growth in the food processing sector.

5. Challenges

- ✚ **Low Productivity:** One of the major challenges facing agribusiness in India is low productivity. According to a study by the National Bank for Agriculture and Rural Development (NABARD), the productivity of Indian agriculture is less than 60% of the productivity of developed countries. This low productivity is due to a number of factors, such as outdated farming methods, lack of access to modern technology, and poor infrastructure.
- ✚ **Lack of Access to Credit:** Another major challenge facing agribusiness in India is the lack of access to credit and insurance facilities for farmers. According to a study

by the Reserve Bank of India (RBI), only 14% of farmers in India have access to institutional credit. This lack of access to credit limits the ability of farmers to invest in modern technology and improve productivity.

- ✚ **Inadequate Infrastructure:** This is also a major challenge facing agribusiness in India. According to the Indian Agriculture Census, the average yield per hectare for major crops such as rice, wheat, and maize is significantly lower in India compared to other countries. According to a study by the Ministry of Agriculture and Farmers' Welfare, only 40% of the total area under cultivation in India is irrigated. This lack of irrigation infrastructure limits the ability of farmers to grow crops in areas that are not naturally fertile.
- ✚ **Lack of Access to Markets:** Another major challenge faced by the agribusiness sector in India is the lack of access to markets. Small farmers, who make up the majority of farmers in India, often have limited access to markets and lack the necessary knowledge and resources to market their products effectively. This results in low prices for their products and a lack of income for farmers.

6. Opportunities

- ✚ **Potential for Export Markets:** One of the major opportunities is the potential for export markets. India is the world's second-largest producer of fruits and vegetables and has a large potential for export markets. The government has been promoting the development of export markets for agricultural products through initiatives such as the Agricultural and Processed Food Products Export Development Authority (APEDA).
- ✚ **Increased Export Revenues:** Agribusiness has the potential for increased export revenues. The increase in export revenues would provide a significant boost to the economy and create employment opportunities.
- ✚ **Adoption of Modern Technology:** India has the potential for increased productivity through the adoption of modern technology. According to a study by the Indian Council of Agricultural Research (ICAR), the adoption of modern technology, such as precision farming and genetically modified crops, could increase productivity by up to 30%.

- ✚ **Organic Farming:** Organic farming is becoming increasingly popular in India, and there is a growing demand for organic products in both domestic and international markets. The government has been promoting the development of organic farming through initiatives such as the National Programme for Organic Production.
- ✚ **Increasing Demand for Organic Food:** Another opportunity for growth in the agribusiness sector in India is the increasing demand for organic and non-genetically modified (non-GM) food. This presents an opportunity for the agribusiness sector in India to meet this demand by increasing the production of organic and non-GM food.

7. Discussion

In order to take advantage of these opportunities and overcome the challenges facing the agribusiness sector in India, several policy measures and initiatives have been proposed and implemented. One of the key policy measures is the Pradhan Mantri Fasal BimaYojana (PMFBY), which is a crop insurance scheme that aims to provide insurance coverage and financial support to farmers in case of crop loss. This scheme has been implemented in all states of India, and it aims to provide insurance coverage to farmers at a very low premium rate. Another initiative that has been proposed to support the agribusiness sector in India is the National Agriculture Market (NAM), which is an electronic trading portal that connects farmers with buyers and other stakeholders in the agribusiness sector. This initiative aims to provide farmers with better access to markets and higher prices for their produce.

In order to address the challenges facing agribusiness in India and capitalize on the opportunities for development, there are several recommendations that can be made. One of the most important recommendations is to increase access to credit for farmers. This can be achieved through the expansion of microfinance programs and the development of new financial products specifically for farmers. Another recommendation is to invest in infrastructure development, particularly in irrigation. This can be achieved through the construction of new irrigation systems and the modernization of existing systems. Finally, it is important to promote the adoption of modern technology, such as precision farming and genetically modified crops. This can be achieved through government-funded research and development programs and the provision of training and education for farmers.

8. Conclusion



In conclusion, Agribusiness plays a crucial role in the Indian economy, providing livelihoods for a majority of the population, food security, export revenues, and contributing to the country's GDP. The sector is diverse and encompasses activities such as crop production, animal husbandry, fisheries, and forestry. However, the sector is facing numerous challenges such as low productivity, lack of access to credit, lack of modern technology, and inadequate infrastructure. In order to address these challenges and capitalize on the opportunities for development, it is important to increase access to credit for farmers, invest in infrastructure development, and promote the adoption of modern technology. Despite these challenges, there are also several opportunities for growth and development in the sector, including export markets and organic farming. The farmers and entrepreneurs in India can take advantage of these opportunities for better monetary benefits.

