

Make a bright career in Agribusiness

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Introduction

John H. Davis and Goldberg used this term “Agribusiness” in 1957. In 1980s it was given three innovations: 1) Synonymous with term agriculture, 2) Synonymous with agricultural economics and 3) a modified concept of agriculture, excluding farming, or the off farm aspects of agriculture. At present, Agribusiness can be defined as all the business enterprises or sells to the farmers/ traders/ consumers. The transaction may involve either an input or service or a produce and encompasses items such as:-

- 1) Productive resources like feed, seed, fertilizer, equipment, pesticides, machinery etc.
- 2) Agricultural commodities – raw and processed commodities of food and fiber.
- 3) Facilitative services like credit, insurance, marketing, storage, processing, transportation, packing, distribution, consultancy and soil testing etc.

Definition- Agribusiness, as a concept, encompasses the whole range of activities from agro input manufacturing the processed food for the ultimate consumer. Agribusiness is sum total of all operations involved in the manufacture and distribution production activities on the farm and storage, processing and distribution of farm commodities from them (Goldberg and Davis, 1957). For example: Agri chemicals companies, Veterinary supply companies, Livestock supply companies, Biotechnology firms etc.

The Importance of Agribusiness

The contribution of agriculture in the development of the economy cannot be denied. The importance if agribusiness can be understood from the following factors:-

- 1) **Influence on National Income:** - The contribution of agriculture towards the Gross Domestic Production is substantial and it is not a surprise that agribusiness has a significant influence on the national income. Agribusiness accounts 17 percent of Gross Domestic Production.
 - Employment opportunities
 - Food for the Ever-increasing population
 - A significant contribution to capital formation.
- 2) **Contribution to Industry:** - As agriculture contributes 17% to GDP, out of it 13 percent comes from agriculture-related industries (e.g., feed mills and biotechnology firms). These industries create value- added products from raw agricultural products. Value added products are improved through processing or manufacturing.
- 3) **Civilization and Domestication:** - Agriculture is the foundation of civilization. Domestication of plants and animals for agriculture purposes allowed humans to settle in the villages. As societies has developed, agriculture has remained important on the local, state, national and international levels.
- 4) **World Economy:** - For much of the world's population, agriculture of a subsistence activity. Due to agribusiness, the trade of agricultural goods on a global basis has increased. Trade, along with aid and technology, can enlarge agricultures role in global economy, resulting in the greater food security, economic development and environmental sustainability.
- 5) **Trade-** Agribusiness is done at different levels like local level, state level, national level and international levels, which can lead to harnesses in exports to increase the national income, national economy and domestic growth of one's country.

Scope of Agribusiness

Agribusiness is a very wide business. It is important field because of agriculture-related industry, from farming and livestock to food production and human nutrition, encompasses significant portion of career worldwide, providing employments to 1/2th of total Earth's population. So, there is large scope of agribusiness as below:-

- Agribusiness is combining the diverse commercial enterprises, using heterogeneous combination of labour, materials, capital and technology.
- India is endowed with varied agro-climate, which facilitates production of all agricultural commodities.
- Agribusiness establishment leads to strengthening of infrastructural facilities in that area, expansion of credit; raw materials supply agencies, adoption of modern technology in the production of agricultural products.
- To fulfill the growing demand scope in production of seed, bio-control agents.
- Export can be harnessed as a source of economic growth.
- Livestock, forest resource, bee keeping, mushroom production, organic farming, production of seeds, hybrid and GM crops, all have the highest potential in India and foreign countries. The field of agriculture is little different from other sectors, and the government intervention is in the form of taxes, trade barriers etc.
- Agribusiness generates potential employment opportunities. It adds value to products and thereby increases net profits.
- Agribusiness provides crucial forward linkage as storage, processing, transportation and marketing aspects and backward linkage like supply of inputs, credit, production technology, farm services etc.

The Agribusiness System- As stated agribusiness encompasses all operations involved in the production of farm inputs, these of these inputs in the cultivation of crops and raising the livestock and processing of agricultural commodities. As agribusiness is INTERDEPENDENT SECTOR, the following five major sectors are involved: -

1) The Input Sector- This is the first subsystem from which all other agribusiness subsystems emanate. Here, all inputs (e.g. fertilizer, seed and machinery etc.) are manufactured, imported and distributed. This sector provides 75% of the input used in production agriculture.

Example – SEED SUPPLIERS: - Monsanto India Ltd.

2) Production Sector- It aims at producing crops, livestock and other products. Here, the inputs are directly used for the production of an agricultural commodity as end- product in itself. This sector is largely involving the changes due to the change in other sectors like technology.

3) Processing / Manufacturing Sector – The commodities from the production subsystem are transformed into various products. The level of transformation depends upon the level of processing which can be simple or complex depending on the product to be manufactured. It Employ millions of people in variety of businesses like processing plants to supermarkets to fast food restaurants.

Example: - ITC agribusiness

4) The Marketing Sector – This subsystem is concerned with the transfer of goods from the source to end – user. It includes all the handling procedures and infrastructures that move the commodities from one point to another. The marketing subsystem may include the following routes;

- a. Transfer of agricultural inputs from manufactures to farm inputs
- b. Transfer of commodities from production site to processing site
- C. Transfer of commodities from processing site to end- consumers.

5) The Supporting Sector – The supporting sector consists of all the key players that provide services. However, optional, but crucial to the success of an agribusiness venture. These services are provided by the institutions such as Govt. agencies, commercial associations, credit and financing, research organizations and co-operations. Example – Banks: NABARD, R

Nature of Every Successful Agribusiness- Today the business has become very competitive and complex. So, the old dictum “PRODUCE AND SELL” has overtime into “PRODUCE ONLY WHAT CONSUMERS WANT” to be

successful in the business, some of the requisites should be followed which are listed below;

- **Clean Objectives-** Determination of objective is one of the most essential pre-requisite for the success of business. The objective set forth should be realistic and clearly defined. Objectives are destination points.
- **Planning-** It is defined as a pre-determined plan for action. Planning is a proposal based on past experience and present trends for future actions.
- **Sound Organization-** An organization is the art or science of building up systematically whole by a number of but related parts. Organization of a business means to work jointly as a unit. It should be harmonic combination of employees, machinery and capital. Thus, work will be going to be done in efficient manner.
- **Research-** A business is influenced by many factors like cultural, social, personal and psychological. The business needs to know and appreciate these factors and then function properly. The knowledge of these factors acquired through market research. So, research is systematic research for new knowledge.
- **Finance-** Finance is said to be life- blood of an enterprise. It brings together the land, labour, machine and its production. Agribusiness should estimate its financial requirements adequately so that business should be kept moving. Therefore, proper arrangements should be made for securing the required finance.
- **Proper Plan Location, Layout And Size-** The success of agribusiness depends to a great extent on the location and site where it is set up. As nearer to the market, availability of raw material, skill labour etc. Hence, one must care about the location, layout and proper site in the initial stage for the business.
- **Harmonious Relations With The Workers-** In agribusiness organization, the farmer operator occupies a distinct place as he/she is the main factor among all other factors. Or it is the human factor. Therefore, for successful business, one should be cordial and harmonious with his/her workers/labour to get their full co-operation in achieving business activities.

Like every other industry, there are some pros and cons of agribusiness. They are listed as below;

Pros

- Agribusiness has a low correlation to mainstream assets like equities, property, fixed income and cash.
- The population growth indicated the demand for food and agricultural products.
- Tax benefits to Government.
- It allows for the diversification as one has opportunities to work in different fields.

Cons

- Agricultural investments can be affected by environmental or climatic influences and have risks posted to natural disasters.
- The industry is based on the assets that have zero liquidity.
- High debts must be taken before you one can start drawing profits.
- Personal risks are also one of the cons in agribusiness.

Institutional Arrangement For The Promotion of Agro-Industries

- Agro-industries Development Corporation (AGROS) in each state mainly supplies agri-inputs, machinery and advisory to farmers.
- Small Industries Development Organization (SIDO) deals with the processing of food products, beverages, fruit and food preservation and pesticide formulation etc.
- Director General of Trade and Development looks after the industries engaged in manufacture of tractors, power tillers, diesel engines, pump sets etc.

Conclusion-

Agribusiness is going to dominate all over the world as a potential business sector to which proper strategic management is essential to be developed and supply chain management ought to be improved.

It should be properly handled to raise national income, creation of employment opportunities, raising purchasing power and ultimate decreasing balance of the trade deficit and causing economic development of country.

