

# A Study on Agricultural Entrepreneurship in Tamil Nadu

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**U. Arumugam**

*Assistant Professor, Department of Commerce  
Alagappa University, Karaikudi, Tamil Nadu, India*

**M. Manida**

*Assistant Professor, Department of Commerce  
Manonmaniam Sundaranar University, Tirunelveli, Tamil Nadu, India*

 <https://orcid.org/0000-0002-2605-1645>

## Abstract

*The business world has become an extremely competitive and dynamic world where the only constant is change. This situation forces the different actors to improve their skills for the development of society through entrepreneurship. The ability of individuals or groups to develop sustainable businesses is a key research focus that allows concrete actions to be taken to support productivity that contributes to the overall betterment of our hemisphere. It also considers opportunities to support business development as part of strategies for agri-food chains. Entrepreneurship plays a crucial role in the growth and existence of small and medium-sized farms in a very dynamic and competitive globalized environment. Farmers see their work as a business. Just like any other entrepreneur, agro-entrepreneurs want to serve society by engaging in agribusiness while making a profit for their livelihood. They are very passionate about their farming business. Farmers and entrepreneurs work in a diverse and self-motivated environment, particularly in the Salem district of Tamil Nadu. The main concern of any project concerned with transformation is to focus on the factors that hinder its development at the grassroots level. The most important factors are the social, economic, political and cultural factors that influence the inculcation of entrepreneurial.*

**Keywords: Startups, Farmers, Market Opportunities, Economic, Forestry and Fishing.**

## Introduction

Farming is the main occupation for most people in the country. 70% of the population is directly or indirectly dependent on agriculture. India ranks second in the economic contribution of agriculture. The Green Revolution that began in India in the early 1960s led to an increase in food grain production. This groundbreaking agricultural revolution transformed the nation from a chronic reliance on grain imports into an agricultural powerhouse that is now a net world exporter. Gross value added from agriculture, forestry and fisheries is estimated at Rs. 17.67 trillion (US\$274.23 billion) in FY2018. This offers tremendous opportunities for new entrepreneurial opportunities in the industry. In this endeavor, Startup India is a flagship initiative of the Government of India that aims to build a strong ecosystem to foster innovation and startups in the country, driving sustainable economic growth and creating employment opportunities at scale. With this initiative, the government aims to empower startups to grow through innovation and design. Entrepreneurship refers to the ability to take risks, develop, organize and manage a new business venture in order to make a profit. Agricultural entrepreneurship (Agripreneurship) refers to the marketing and manufacture of various agricultural products and agricultural inputs. Therefore, small farmers are working towards becoming or already are agricultural entrepreneurs.

All types of entrepreneurship share the common goal of making a profit. Entrepreneurs can work alone and keep the profits of their ventures for themselves, or they can choose to become part of a farming group where they invest in their production system as an individual but sell together. Farmers are increasingly entering into regular business relationships with other partners in the value chain. Over time, farmers tend to move from working as individuals to some form of collaborative or contract marketing approach and, if successful, start medium to large scale businesses.

### Review of the Study

Dr. G. Yoganandan, T. Vignesh in their paper entitled “Challenges in Agro Entrepreneurship in Tamilnadu, India” concluded that forecasting future demand, adopting modern technologies, controlling costs and expanding business are the important areas where agro-entrepreneurs need regular support. Appropriate legal support may also be needed to protect traders involved in unfair trading practices. It is better to encourage agro-based businesses in rural areas because local people have the skills and most companies help entrepreneurs to ensure food security. The products of such companies are also in demand in rural areas and therefore offer better market opportunities.

Jayasudha J, et al (2021), in their paper entitled “Assessment of Level of Success of Agripreneurs in Tamil Nadu” observed what entrepreneurial success is determined by marketing success, followed by organizational, socio-psychological satisfaction and the fulfilment of obligations? Success is mainly indicated by net profit and capital growth. This study suggested that supporting agripreneurs through financial support will lead to their success as agripreneurs.

### Objectives of the Study

1. To study on role of extension agents working on agripreneur development
2. To examine the characteristics of a successful Agri-entrepreneur
3. To identify the Types of services do agribusiness providers
4. How is agripreneurship different from traditional extension methods?

### The Role of Extension Agents Working on Agripreneur Development

In order to meet the drive for greater commercialisation, farmers need the support and advice of extension agents. Extensionists can work with individual farmer-entrepreneurs and with farmer groups, associations and cooperatives, in order to support them in:

- Conducting market analyses;
- Working in value chains with partners;
- Developing farm plans;
- Financing;
- Sales;
- Building business opportunities for farming clientele; and
- Developing skills and competencies required for successful entrepreneurship.

Agripreneur development is a complex task that involves working with actors within a market chain and linking to business services supporting the value chain. In this way, the success of an agripreneur generally requires working with others and being part of an organisation that can help find partners from the public and the private sector to support the business process at specific points. Given the range of needs, the farming community and governments are increasingly turning to pluralistic advisory service approaches.

### Business Development Services in Agripreneur

Agripreneurs and small farmers often face financial and non-financial factors that negatively impact their business growth, e.g. low level of education, insufficient technical skills, lack of information and poor market access. Business Development Services support these farmers by offering services that help them increase their productivity and profitability as well as their competitiveness in the market. With the growing pluralism of advisory agencies, farmers are gaining access to business development services through different types of supporting agencies. In order to meet the business needs of farmers and farmer organizations and enable them to compete more effectively in the target markets, the new advisory agencies or more diversified service industries need to expand their ability to help farmers acquire business skills, especially in the following areas:

- Analysing market opportunities and market demand;
  - Mapping market chains;
  - Making production and demand led decisions for product(s)
  - Defining and recording production costs;
  - Undertaking efficiency analysis;
  - Keeping monetary records;
  - Evaluating which business development services are needed to improve their competitiveness;
  - Developing a common business vision for investment; and
  - Both preparing and investing in a business plan.
- As the business skills of farmers and their organisations become more sophisticated, the groups will need to learn more about:
- Meeting product specifications at a profit;
  - Negotiating new business models with chain partners;
  - Evaluating sales, growth and profitability on a seasonal basis;
  - Whole farm profitability; and
  - Generating long-term upgrading plans that include chain wide processes.

### **The Characteristics of a Successful Agri-entrepreneur**

Successful entrepreneurs usually have a number of common characteristics, in that they:

- Have the initiative, drive and ability to identify and seize opportunities;
- Are goal oriented, willing to adopt ideas and unconventional views;
- Can operate in an area that absorbs ideas that may not be popular with established views and perspectives;
- Are creative leaders ready to disrupt the status quo;
- Always looking for ways to improve and grow their businesses;
- Are determined to implement their visions and ideas to achieve their goals; Thrive in change and handle risk and uncertainty well;
- You know how to identify and evaluate risks and are willing to take calculated risks while taking responsibility for profits and losses; can organize people, strategies and technologies to adapt to changing environments;
- Are creative problem solvers, understand the decision-making process and enjoy making decisions; build strong partnerships and other relationships and work well with other people;
- Are innovators, always looking for better and more profitable ways to do things that matter most in the face of fierce competition and a changing market environment;
- Are honest and trustworthy, but are often very demanding and uniquely focused (they are not always good for team players); and
- Are eager to learn and keep them up to date with the latest developments and trends in the farming environment.
- Have the initiative, drive and ability to identify and take advantage of opportunities;
- Are single minded, willing to take on ideas and unconventional views;
- Can operate in a zone that takes on ideas that may not be popular with established views and perspectives;
- Are creative leaders, ready to disrupt the status quo;
- Are always looking for opportunities to improve and expand their businesses;
- Are determined to implement their vision and ideas to achieve their goals;
- Thrive on change and cope well with risk and uncertainty;
- Know how to identify and evaluate risks and are willing to take calculated risks, while accepting responsibility for both profits and losses;
- Can organise people, strategies and technologies to fit changing environments;
- Are creative problem-solvers, understand the decision-making process and enjoy making decisions;
- Establish strong partnerships and other relationships and work well with other people;
- Are innovators who are always looking for better and more profitable ways to do things, which is particularly important in the face of strong competition and a changing market environment;
- Are honest and trustworthy, but often highly demanding and singularly focused (they are not always good team players); and
- Are eager to learn and keep them informed

about the latest developments and trends in the agricultural environment.

It is important to mention that determination and optimism are the main characteristics of true entrepreneurs. Although planning, market analysis, and identifying market opportunities (MOI) are necessary parts of starting a business, real entrepreneurs often don't wait for the results of these analyzes to decide whether to take their new idea to market.

### **Agribusiness Service Providers**

Extraordinary farmers and business leaders, seek extraordinary agro-enterprise service providers. These agribusiness service providers can be public or private. Many are fee based and they usually offer specialised services which can rapidly yield value to their clients.

### **Types of Services do Agribusiness Providers Offer**

**Business Mentors:** Farmers generally know how to grow crops and raise livestock. What they want to learn is how to improve their farming skills from long-term business mentors who can advise them on how to make investments to improve existing businesses.

**Marketing Experts:** agents who can work with farmers to identify new markets to explore.  
**Production experts:** Specialists who can provide information on how to improve productivity

**Technology Experts:** Specialists who can support rapid innovation in technology options  
**Post-Harvest Handling Experts:** Specialists who support value creation To support this new breed of customer, RAS needs to develop new approaches and working relationships in which they can work with agripreneurs. There are a number of possible strategies, approaches and methods that can be used to support agripreneurs. These approaches often use pluralistic models that combine free and paid RAS business services to empower agripreneurs at different stages of their development. Some examples of ways to support Agripreneurs are listed below.

### **Agripreneur Workshops**

Agripreneur workshops project training sessions that work with permutations of agro-enterprise agencies, investors, production experts and marketing experts. At these workshops, service workers can work with dissimilar types of agripreneurs on specific aspects of their business models. For example having specific topics around key issues such as product development, marketing strategies, book keeping, investment management and how to grow the customer base.

### **Agripreneur Competitions**

RAS agencies can sponsor enterprise struggles, where the best business plans are underwritten to a precise level, or winners enter into training programs that helps agripreneurs to plan and promotion their businesses. This is a useful way to help recognise the promising agripreneurs and filter out the business teams who have most potential for growth and continued growth and investment.

### **Agripreneur Incubators**

Capacity building programs that enable RAS providers to ascertain agripreneurs and work directly with agripreneurs. Incubators take on altered approaches depending on the type of agripreneur that is being selected for support. Once a cohort of agripreneurs are selected the incubator teams can provide specialized assistance in helping to identify new markets, strengthen business models, provide training in key areas of business management, book keeping and brokering business relationships.

### **Agripreneur Accelerators**

Short term booster services that work with agripreneurs to fine tune specific parts of a business model. The Santa Clara University in California runs booster courses to help agripreneurs launch, maintain and upgrade new ventures.

### **Agripreneur Mentoring/Coaching Services**

Once agripreneurs have launched their businesses, these services provide occasional support as essential to maintain business focus, competitiveness and novelty. These types of services are often provided by networks of investors or

agripreneurs who have the involvement to identify weaknesses in obtainable firms and find ways to work with the industry teams to address these issues.

### **Informal Youth Incubators**

There is a growing understanding that more needs to be done to motivate younger farmers to enter the farming sector. Attracting youth agripreneurs and especially highly accomplished youth, into working the land requires RAS to provide new thinking and one of the options that is being tested include

### **Business basics Courses for Youth**

To address concerns about the growing exodus of youth from rural areas to low-paid or unemployed situations in urban centers, governments and development agencies are investigating methods of supporting rural youth business training courses. These short but intense courses aim to bring together small teams of youth or individuals and give them a crash course in basic business management. This helps clients visualize a business idea and then gather information over a 1-5 week period to develop a basic business plan. These plans are regularly overseen by business consultants who help the youth teams develop viable business options and also learn key accounting skills such as cost ledgers, receipt ledgers and revenue ledgers and then develop basic cash flow information. Complementing these accounting skills are training in manufacturing skills, the use of improved or more effective technology, and the fundamentals of selling and maintaining business relationships.

At the end of the business training period, the business plans are typically accessible to an advisory panel, which make decisions on whether the discrete or group are ready to take on a loan of \$50-\$500, conditional on the type of business being industrialized. At the business launch stage, the credit is often disbursed based on initial needs with subsequent payments being given based on milestones that need to be achieved. The progress of the agripreneurs is then mentored for an additional 5-10 weeks to help get the businesses on their feet. Formal Youth business incubators more formal preparation is given through incubators, such as the youth agripreneur incubator being run by the

International Institute of Tropical Agriculture in Nigeria. This incubator offers more specialised training over a 6-18 month period, which enables youth agripreneurs to learn and hone their business skills. These types of incubation approaches are high cost and so there are currently few of these in operation. The types of training they offer include:

- Business training;
- Market gap documentation;
- Developing products and Initial testing;
- Business plan growth for investors;
- Loan planning;
- Launching the industry;
- Training and Mentoring; and
- Unit administration.

### **How is Agripreneurship Different from Traditional Extension Methods?**

Traditionally, most advisors, especially those supported by governments and NGOs, have focused on helping farmers work in groups, grow more produce, and develop agricultural business options with a collaborative approach. Since the 1990s, much of the advisory work has incorporated a marketing component into their work, with the goal of connecting farmers to markets. However, the marketing approach was mainly focused on achieving economies of scale by aggregating products to sell them through collective group marketing. The farmer group support model is a proven one and should not be considered obsolete as this approach works to the benefit of millions of farmers around the world in different product areas and in different types of markets. However, the farmer cooperative model is not the ONLY approach and this guide offers a complementary approach aimed at supporting the more individualistic agripreneurs. This approach is seen as a catalyst, particularly within value chains, and the aim is to foster new business opportunities that create more value and jobs.

It is also widely recognized that farming does not provide enough value for farmers to keep them in the countryside, and many of the more enterprising members of rural communities are moving to urban centers where they can more easily pursue their business ambitions. Promoting more agripreneurs is therefore a means of supporting the



latest trends in advisory work. The role of some advisors is then to work in a way that supports farming as a fully commercial activity. The value of expanding agripreneurship is to help agripreneurs start more farming businesses; Create wealth, jobs and job opportunities on and off the farm; Helping agripreneurs modernize their local farming community; and provide more opportunities for more farmers to access better pay to enable better lives. Advisory services need to help this new group of clients explore new opportunities in new ways.

### Conclusion

India adheres to its agro climatic conditions and is a suitable place for growing a wide range of fruits and vegetables. Post-harvest losses during handling and marketing are significant, and processing these horticultural products into various types of value-added products not only stabilizes the market but also creates employment opportunities for rural youth, which in turn will help increase farmers' income. The role of entrepreneurship in agri-processing in developing countries like India is very significant. The establishment of processing units has resulted in economic benefits for the intended beneficiaries, in addition to the creation of direct and indirect jobs in society. Finally, need-based computing, taking into account socio-economic conditions, readiness, resource availability, geographic dimensions and the market for the end product, should be encouraged to encourage processing in production catchment areas.

### Author Details

**U Arumugam**, Assistant Professor, Department of Commerce, Alagappa University, Karaikudi, Tamil Nadu, India, **Email ID:** arumugam.uc@gmail.com

**M Manida**, Assistant Professor, Department of Commerce, Manonmaniam Sundaranar University, Tirunelveli, Tamil Nadu, India, **Email ID:** manidamcom@gmail.com

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