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Growth and Development of Agribusiness in India

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ABSTRACT

Agriculture and agriculture-based industries are one of India's key sources of income. It is especially important for people who live in rural areas. Various service and manufacturing sectors have evolved as a result of technological advancements. Agribusiness has also benefited greatly from technological improvements. Agriculture is a significant part of the Indian economy, accounting for over 17% of total GDP and employing more than 60% of the population. Agribusiness refers to the broad range of business activities that take place from farm to fork. It includes the provision of agricultural inputs, as well as the manufacture and transformation of agricultural products. Agribusiness encompasses all operations related to the production of food and fiber in the agricultural, food, and natural resource industries. The purpose of this article is to showcase the country's agricultural expansion and intensification

Keywords: Agriculture, agribusiness, Agricultural sector, India, rural

1. Introduction

India is a thriving country with a growing economy. Manufacturing, services, and agriculture are the key contributors to the country's GDP. For around 58 percent of India's population, agriculture is their primary source of income. Agriculture, forestry, and fishery had a Gross Value Added of Rs. 19.48 lakh crore (US\$ 276.37 billion) in FY20. In FY20, agricultural and allied sectors accounted for 17.8% of India's gross value added (GVA) at current prices. Consumer spending in India would grow by as much as 6.6 percent in 2021, following a pandemic-driven drop.

Agribusiness gives food, clothing, and shelter to people. It also employs millions of individuals in fields such as science, research, engineering, education, advertising, government agenda development, and distribution to final trade and commodity organizations. The public and private sectors are both involved in agribusiness. The economic and administrative tasks of dealing with the delivery of products and services by and for the government are referred to as the public sector. The private sector is the component of the economy that is focused on private profit and is not regulated by the government.

India has a diverse agro-climate, allowing for the cultivation of temperate, sub-tropical, and tropical agricultural products. Agricultural inputs such as feed and fodder, inorganic fertilizers, and bio-fertilizers are in high demand.

Due to its enormous potential for value addition, notably in the food processing industry, the Indian food industry is poised for massive expansion, increasing its contribution to world food commerce every year. The Indian food and grocery market is the sixth largest in the world, with retail accounting for 70% of total sales. The Indian food processing sector, which accounts for 32 percent of the country's overall food market and is rated fifth in terms of production, consumption, export, and predicted growth, is one of the country's largest industries. In FY21, total agriculture and allied product exports totaled \$41.25 billion.

1.1. Agriculture Sector in India

Between April 2000 and June 2021, the Indian food processing industry attracted a total FDI equity inflow of around US\$ 10.43 billion, according to the Department for Promotion of Industry and Internal Trade (DPIIT). The following are some notable agricultural investments and developments:

- India received \$1 billion in agritech funding from 2017 to 2020. India ranks third in terms of agritech funding and the number of agritech start-ups, thanks to strong investor interest. Indian agritech companies are expected to receive US\$ 30-35 billion in investments by 2025.
- Fact, the country's oldest large-scale fertiliser manufacturer, surpassed one million production and sales in March 2020.
- In Gujarat, Nestle India would invest Rs 700 crore (US\$ 100.16 million) in the construction of its ninth factory.
- Haldiram signed an arrangement with Amazon's worldwide selling program in November 2019 to E-tail its specialties in the United States.
- In November 2019, Coca-Cola debuted 'Rani Float' fruit juices, a departure from the company's signature fizzy drinks.
- In October 2019, the Indian Council of Agricultural Research (ICAR) launched two diagnostic kits: the Indian Veterinary Research Institute (IVRI) and the Japanese Encephalitis IgM ELISA.
- India has announced an investment in ethanol production worth Rs. 8,500 crore (US\$ 1.19 billion).

2. Contribution of Agriculture Sector to Indian Economy:

Agriculture and agribusiness contribute significantly to India's economic growth and wealth. The following are some of the most recent contributions made by the agriculture industry to the nation's economy.

- India's overall horticulture product production was around 310 million tonnes in 2019-20.
- India produced over 24 million tonnes of onion in 2019-20 and exported approximately 2 million tonnes.
- In 2019-20, potato production was around 51 million tonnes, while tomato production was around 19 million tonnes.
- According to estimates, total fresh vegetable production was around 97 million tonnes, with approximately 16 lakh tonnes exported.
- Grape production was at 1.9 lakh million tonnes in 2019-20, while mango production was around 49 thousand million tonnes (besides processed mango pulp adding another 85 thousand tonnes).
- Cattle, buffaloes, goats, sheep, pigs, and poultry make up about 530 million of India's livestock population as of 2019.
- India is the world's greatest milk producer, exporting milk to Bangladesh, Nepal, Bhutan, the United Arab Emirates, and Afghanistan, among others.
- In 2019-20, India exported around 11 lakh million tonnes of buffalo meat, 14,000 million tonnes of sheep/goat meat, and 3.5 lakh million tonnes of chicken products.

2.1 Development of Agribusiness and Indian Government Initiatives:

In 2020, India's agriculture industry will be worth INR 63,506 billion. According to IMARC Group, the market would reach a value of INR 125,350 billion by 2026, with a CAGR of 12% from 2021 to 2026.

Because agriculture is so important to citizens' livelihoods, the Indian government has long prioritized its development. Here are a few of the key initiatives implemented by the Indian government.

- In October 2021, the Ministry of Civil Aviation launched the Krishi UDAN 2.0 initiative. The concept proposes financial aid and incentives for agri-produce transportation by air. Farmers, freight forwarders, and airlines are expected to gain from the Krishi UDAN 2.0, which will be deployed at 53 airports across the country, with a concentration on the Northeast and tribal regions.
- In October 2021, the Agricultural and Processed Food Goods Export Development Authority (APEDA) and the ICAR-Central Citrus Research Institute (ICAR-CCRI), Nagpur, signed a Memorandum of Understanding (MoU) to increase citrus exports and value-added products.
- The Union Ministry of Agriculture and Farmers Welfare stated in October 2021 that under a special scheme, 820,600 seed mini-kits will be delivered free of charge in 343 designated districts across 15 main producing states. This approach is expected to enhance production and productivity by raising seed replacement rates and, as a result, help farmers earn more money.
- In September 2021, Prime Minister Narendra Modi unveiled 35 crop types with unique characteristics such as increased nutrient content and climatic resilience.
- On February 24, 2019, Prime Minister Narendra Modi launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan), transferring Rs. 2,021 crore (US\$ 284.48 million) to the bank accounts of over 10 million beneficiaries.
- The Indian government has launched the Digital Agriculture Mission for 2021-25 for agriculture projects based on new technologies such as artificial intelligence, block chain, remote sensing and GIS technology, drones, robotics, and others, according to the Union Budget 2021-22.
- The Union Ministry of Agriculture and Farmers' Welfare signed five Memorandums of Understanding with CISCO, Ninjacart, Jio Platforms Limited, ITC Limited, and NCDEX e-Markets Limited in September 2021. This Memorandum of Understanding will include five pilot projects that will assist farmers in deciding which crops to produce, which seeds to utilize, and which best practices to employ in order to maximize output.
- The 'Production-Linked Incentive Scheme for Food Processing Industry (PLISFPI)' was approved with a budget of US\$ 1.46 billion to establish global food manufacturing champions commensurate with India's natural resource endowment and to boost Indian food brands in worldwide markets.
- The Pradhan Mantri Krishi Sinchayee Yojana was allotted Rs. 4,000 crore (US\$ 551.08 million) in the Union Budget 2021-22. (PMKSY-PDMC).

3. Entrepreneurship in rural areas in Agribusiness sector:

- Farmer in Telangana is selling drip irrigation systems and micro irrigation techniques to nearby farmers
- Farmers in Telangana are growing red jowar bajra which are sold to the seed companies and have a buy back guarantee from them. 25,000 farmers are providing employment to 25,000 families. Seed processing plants have also come up in the area
- A farmer in Barabanki started growing mint along with his other crops and the menthe oil has been a money spinner. Menthe oil units have also come up in the area
- Gosaiganj farmers are doing bee keeping and have made Lucknow the top producer of honey in the state
- A Madurai farmer changed from growing traditional crop to grapes and now is exporting
- A Bangalore farmer is a social entrepreneur and has ensured computerization of the land records to reduce land disputes
- Farmers are growing three crops a year with drip irrigation. Some have also diversified to horticulture
- Young women in Thiruvanthapuram district are making cloth bags, office files(environment friendly), pen and pencils
- Jaquard looms Installed to produce handloom products
- A cooperative in Mehsana installed a bulk milk cooler plant to prevent wastage

4.Road Ahead

By 2022, India is predicted to have achieved the lofty aim of doubling farm revenue. Increased investment in agricultural infrastructure, such as irrigation facilities, warehousing, and cold storage, is predicted to boost India's agriculture sector in the coming years. In addition, the increased usage of genetically modified crops is expected to boost yields for Indian farmers. Due to a concerted effort by scientists to obtain early maturing types of pulses and a rise in the minimum support price, India is likely to become self-sufficient in pulses in the future years. Under the PM MatsyaSampadaYojana, the central government plans to invest \$9 billion in the fisheries sector over the next five years. By 2024-25, the government wants to increase fish production to 220 lakh tonnes.

5.Conclusion

In recent years, India's agro-food processing industries and agribusinesses have grown fast, and they have been given high importance due to their great potential to contribute to income and development. In recent years, India's agroprocessing industries and agribusinesses have grown at a rapid rate. The government has given agro-industries a high priority because of their great potential for adding value to agricultural produce and increasing small farmer incomes and rural employment. Due to their great potential to contribute to economic development, India has given agro-processing and marketing agribusinesses a high priority.

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