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Concept Note on Agripreneurship

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Introduction

Entrepreneurship is one of the key drivers for economic development, accelerated increase in wealth creation, enhanced income generation, employment creation and rise in the living standards of the poor especially in the less developed and deprived rural areas. The importance for entrepreneurship development in the rural areas is therefore critically important for poverty eradication and sustainable human development.

Entrepreneurial development refers to a systematic development of a person as an entrepreneur to inculcate in him the entrepreneurial skills, knowledge and capabilities to achieve higher levels of technical, financial, marketing and managerial expertise. The idea is to prepare them to pursue an entrepreneurial approach.

Agripreneur is an entrepreneur whose main business is agriculture or agriculture-related. Agripreneurship nurtures a holistic and systemic approach to farming that focuses on enhancing revenues and profitability and increasing competitiveness through application of entrepreneurial skills, knowledge and capabilities.

The Case for Agripreneurship in Pakistan

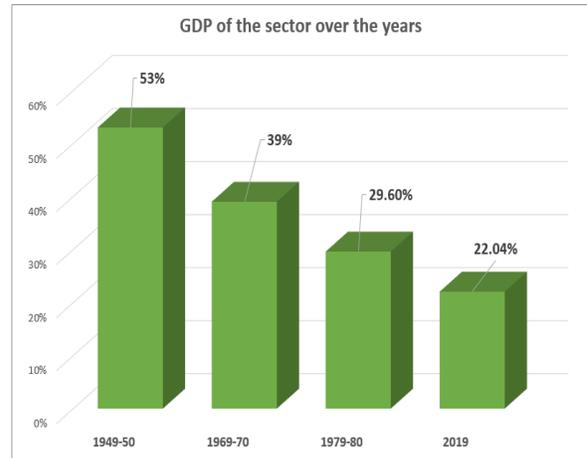
In Pakistan around 62 percent of the country's population resides in rural areas, and is directly or indirectly linked with agriculture for their livelihood. The sector, apart from primary source of food supply, is strongly linked with the rest of the economy in terms of providing raw material for the industry, extension of market for industrial output, provision of surplus manpower and source of Foreign Exchange.

The sector however is afflicted with plethora of problems including low crop intensity, productivity and yield, low investment and finances, lack of modern technology and obsolete production techniques, inadequacy of infrastructure, uneconomic land holdings, bleak research and development effort, various plant diseases, vagaries of weather, natural calamities etc. (Figure 1) Its contribution over the years in gross domestic product (GDP) has declined from 53% in 1949-50 to 39% in 1969-70 to 29.6% in 1979-80 to 25.8% to 22.04% in 2019 (Figure 2).

Figure 1



Figure 2



The advances attained during the Green Revolution which started during the 1960s with main ingredients of HYVs, fertilizer, pesticides and irrigation yielded massive factor productivity gains. The short burst of large scale production of various crops could not be sustained because of natural resource degradation, absence of a conducive policy and regulatory framework, inability to adopt genetically engineered crops and low investment in infrastructure.

In recent years, in view of the daunting problems faced by the agriculture sector aggravated by population surge and rapid urbanization, there have been efforts to enhance productivity growth, modernization of agriculture through technological interventions, structural transformation, improvement in the market infrastructure, revamping the agriculture related institutions, and creating an enabling policy environment. The challenges for agriculture, however, continue to be (a) the integration of smallholders into value chains and making agriculture profitable, competitive and sustainable venture; (b) transformation of agriculture from low-tech activity with limited dynamics to innovative, integrated and technology savvy and market driven activity; (c) receptivity to economic liberalization, globalization and private sector led growth (d) and more importantly, responsiveness to a fast changing and more decisive society to adapt to the vagaries of the market, varying consumer lifestyle and food preferences, enhanced ecological regulations, new necessities for product quality, chain management and sustainability (Figure 3). The complexity of these challenges, a priori, entails adoption of an entirely new approach and skills set to manage agriculture activities.

Figure 3

21st century challenges of the sector in Pakistan



The entrepreneurship/agripreneurship development in the rural and agricultural sector -from input traders to producers to processors, seems to be the best way forward to boost agriculture and make it sustainably profitable and competitive. Planning, innovation, technology and profitable business are an integral part of agripreneurship which together can appropriately address multiple uncertainties associated with agricultural production e.g., production risks as a result to vagaries of weather, price and marketing fluctuations, financial (interest rate) risk, and possible change in government policies and programs. It has also enormous potential to reduce the burden of agriculture, create employment opportunities for rural youth, curb rural-urban migration, increase income, lead to accelerated agro-industrial development in rural areas and cut down the pressure on urban cities etc.

Many countries of the world including Pakistan's neighbors like China and India have successfully engaged in agripreneurship to especially help smallholder farmers and entrepreneurs improve their livelihoods through training and information in techniques to progressive yields, conserve water, improve crop repertory, integrate in food and agriculture supply chain, sustain eco-system and decrease environmental degradation.

Pakistan has unique advantages to fully harness the agripreneurship potential as evidenced by (a) seasonality and ecological advantage to adapt production system to market demand both internal and external (b) contiguous and integrated irrigated agriculture; (c) proximity to international market thus competitive transportation costs and delivery time; (d) relatively cheaper labor costs-though labor productivity is a major issue; and (e) geostrategic location to become a part of regional and global value chain and production network (Figure 4).

Figure 4



Agri-enterprises possible ventures

The ventures could be promoted at various levels:

- *Farm Level Individual/Family Producers*: to treat every family venture, to enhance the production by making best use of the technology, and market information and intelligence system.
- *Corporate farm level* to harness vertical and horizontal linkages and integrated synergy all along the agriculture cycle to ensure competitiveness and enhance profitability.
- *Support Service Providers*: to provide for all types of village level farm related services all along the supply chain e.g., the input supply and distribution, machinery hiring, advisory and financial services, storage and warehouse, marketing, for the livestock sector: breeding, immunization, disease diagnostic and treatment services, cattle feed, mineral combination, forage grains, etc.
- *Input Producers and Suppliers*: like inputs produced by the home entrepreneurs at the village level e.g., bio-pesticides, soil amendments, bio-fertilizers, vermin-compost, plants of diverse species of vegetables, fruits, ornamentals, root media for raising plants in pots, production of cattle feed concentrate, agricultural tools, irrigation accessories, mineral mixture and complete feed. There are also multiple opportunities to assist fishery, sericulture and poultry.
- *Processing and Marketing of Farm Produce*: to manage post-production processes through technical assistance, advice and investment especially in the horticulture, dairy and wheat, rice, cotton and sugar sub-sectors with focus on competitiveness and enhanced profitability.

Possible areas of entrepreneurship development in agriculture

The possible areas of entrepreneurship in agriculture are:

1. Agro produce processing units: These units do not manufacture any new product. They merely process the agriculture produce e.g. rice mills, pulse mills, decorticating mills etc.
2. Agro produce manufacturing units: These units produce entirely new products based on the agricultural produce as the main raw material e.g. sugar factories, bakeries, straw board units etc.
3. Agro-in puts manufacturing units: These units produce goods either for mechanization of agriculture or for increasing manufacturing plants, e.g. fertilizer production units, food processing units, agricultural implements etc.
4. Agro service centers: These include the workshops and service centers for repairing and serving the agricultural implement used in agriculture.
5. Miscellaneous areas for possible agri enterprises: Setting up of apiaries, feed processing units, seed processing units, mushroom production units, commercial vermin-compost units, goat rearing, organic vegetable and fruits retail outlets etc.

Pre-requisites for Agripreneurship

In order to sustain and achieve long-term achievements of agripreneurship, the following preconditions need to be put in place:

- The most critical are policy frameworks that enable smallholder farmers to evolve into commercially viable businesses – policies that include property rights, markets and buy and sell, infrastructure and outlay and risk management.
- Investing in agricultural intensification is among the most effective means to promote agripreneurship and also reduce poverty and hunger and save the ecology.
- The collaboration between public and private sectors to work together is important to implement policies and make investments that motivate farmers at every level to increase production responsibly and add value to the product.
- An incentive mechanism including special grants to sponsor agri-enterprises in rural areas is imperative.
- Removal of the barriers and constraints to agripreneurial development characterized by lack of adequate information, capital, technology and connectivity with the market to turn the uneducated small owner's farm into an enterprise.
- A good technical, extension and advisory services system in the private sector to create consciousness among the farmers about the benefits of agripreneurship and help them transform the farm to a profitable enterprise. The service delivery system should have the capability to regularly access technical and business information; contact with the marketing agencies, suppliers of critical inputs and equipment; and benefit from the research outfits which are engaged in developing modern technologies.
- Finally, a composite training program for the farmer agripreneurs is *sine qua non* to impart entrepreneurial skills, knowledge and capabilities to achieve higher level of technical, financial, marketing and managerial expertise and prepare him to pursue entrepreneurial approach.

Agricultural entrepreneurship Training Program Outline:

Module 1: Introduction to agripreneurship: Role of the extension agent in agripreneurship development; Criteria for successful business; evaluating entrepreneurs; Defining the business idea

Module 2: Evaluating the key skills involved in running a business: Evaluating the key skills involved in running a business; Identifying markets; mapping resources and conducting business planning; Identifying market opportunities; Managing key activities and partners in a business; Business planning: From canvas to business plan

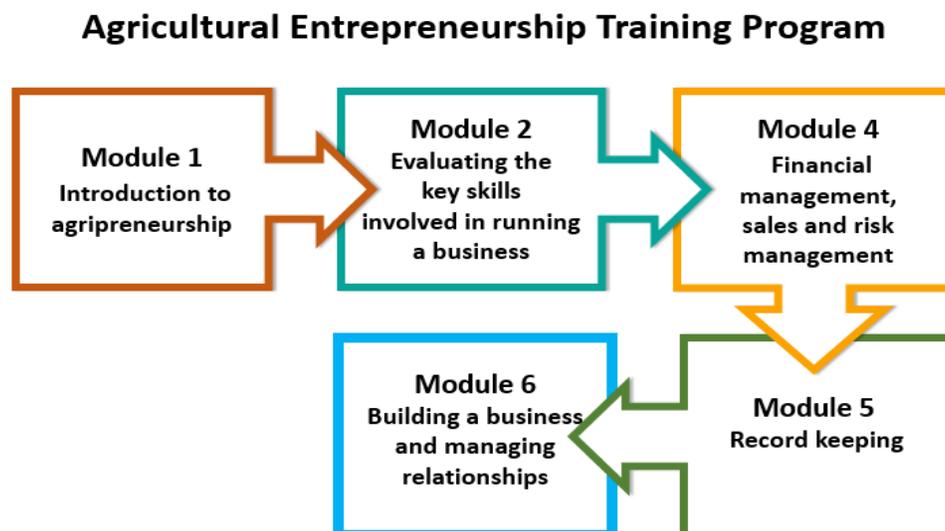
Module 4: Financial management, sales and risk management: Identifying sources of finance; Managing financial resources; The basics of sales; Assessing risks

Module 5: Record keeping: Operations record keeping; Financial record keeping

Module 6: Building a business and managing relationships: Putting plans into action and monitoring progress; Managing relationships

The Modules and their inter-relationship are depicted in Figure 5.

Figure 5



Institutional Support for Agri-business and Agripreneurship

The Planning Commission in conjunction with the Ministry of Agriculture should provide for the necessary policy and regulatory framework and in-built incentive scheme to promote agripreneurship.

The provincial governments have to play a major part in providing technical, advisory and training services by engaging and encouraging private sector role both upstream and downstream in agripreneurship development.

TEVTA and NEVTA need to revamp their training programs and partner with the private sector to formulate and implement comprehensive training and development programs for agripreneurship.

The financial and banking institutions under the policy guidance need develop operational plans geared to providing credit, finance and investment for agri-enterprises.

Private advisory services should be established to provide technical, financial, storage and marketing information to the agripreneurs.

Possible linkage with on-going and new Business Development Programs of Government

The government is already engaged in promoting entrepreneurship in the country. Apart from the new programs, the potential for the ongoing initiatives could be availed to stimulate agripreneurship development with focus on women and youth. These include:

- The on-going scheme for establishment of industrial stitching units could have strong backward linkage with agri-eterprise. Business Skill Development Center for Women and National Business Development Programme for SMEs could serve as potent vehicles for agripreneurship development.
- Some of the Schemes like SME Business Facilitation Center, Multan, establishment of Business Park at Korangi Fish Harbour and establishment of Business Development and HR Support Unit at Pakistan Railways could also provide for a component for agri-enterprise development.
- Prime Minister's Kamyab Jawan – Youth Entrepreneurship Scheme (YES) as a component of Ehsas programme with first phase of Rs.100 billion could support the youth by providing interest-free or subsidized loans and training to become agripreneurs and establish agri-enterprises.
- Digital Pakistan which has a strategic pillar to support access and connectivity, digital infrastructure, digital skill and literacy, innovation and entrepreneurship should include agripreneurship development as a priority area of focus especially for underserved rural

population. Digital skills and literacy will enable the farmer entrepreneur and new startups to flourish and succeed

- SMEDA which already prepares the business feasibility studies should be tasked to focus on identifying and prescribing specific agri-enterprises for agripreneurship development in the country. As incentive, the various related financial facilities could be appropriately used to promote agripreneurship e.g., Refinance and Credit Guarantee Scheme for Women Entrepreneurs with financing up to Rs. 5 million at 5% mark-up rate; Credit Guarantee Scheme (CGS) for Small, Rural and Micro Enterprises launched by State Bank of Pakistan (SBP) in collaboration with the Federal Government and UK's Department for International Development (DFID); National Bank of Pakistan Karsaz scheme etc.

Conclusion

Agricultural entrepreneurship shares many characteristics of "generic" entrepreneurship, but also has its distinct features due to the specific context of the agricultural sector. With better industrial and entrepreneurial education discipline, entrepreneurs will naturally take advantage of the vast human resource availability. It is clear that there is a great scope for entrepreneurship in agriculture and this potentiality can be tapped only by effective management of agri elements an individual with risk bearing capacity and a quest for latest knowledge in agriculture sector can prove to be a right agripreneurs. The agriculture sector has a large potential to contribute to the national income while at the same time providing direct employment and income to the numerically larger and vulnerable section of the society. Agripreneurship is not only an opportunity but also a necessity for improving the production and profitability in agriculture sector