

Overview of Entrepreneurial Environment with Special Reference to Agribusiness

W1L3: Entrepreneurial Environment amid its implication in India in the context of Globalization

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Hello friends in our last class we were talking about various issues as well as concerns associated with Indian agriculture and agro based enterprises.

In today's class, we will be looking into the entrepreneurial environment and its implication on India, in the context of globalization. Is it that entrepreneurship is a new concept for Indian context? Obviously no. So from if you take it from today, about 5000 years back. So we find some historical evidences from Harappan civilization around 2700 BC, there was internal and external trade culture that was existing in Indian context. In the later stages the evidences are not much available, but the East Indian company entered into the Indian context from the Bay of Bengal and they started occupying the Indian businesses. So, this we can classify it under medieval age. Then when we come to the modern and pre independence period.

The first cotton textile mill in India was established in the year of 1854 by an Indian entrepreneur known as Kawasji Dover and Jamshetji Tata, so that was beginning of the new Indian industrial era that what we can say Jamshetji Tata founded the company known as Tata Group in the year 1868, in 1874, cotton mills were established by Tata Group of Industries Tisco. Then in 1932, the Indian Airlines came into existence, then steel plants and many more. Such business opportunities started in Indian context, so this was this we can credit it to the modern and pre independence Indian history of entrepreneurship that what we can say. In nutshell in the post independence era which adopted the economic structure in the line of Soviet Union. Then we started with the new industrial policy in the year 1956 so then the economic activities in the Indian context and in the context of global scenario, we started working upon. And the liberalization era started in the post 1990s, specifically in 1991, which we popularly recognized it as LPG era.

So what do we mean by this LPG? It covers 3 important aspects. That is liberalization, privatization and globalization. So what do you mean by liberalization? Providing provision to the industry it boosts the private sector, including the banks and the stock market, so that we started liberalizing that, we started opening it up for the other players also. Then the privatization government started this investing on the public firms to reduce the burden on the government and to promote the entrepreneurs for good business environment. Then

we came with the policy of globalization welcoming the foreign direct investment and especially the creation of the special economic zones and promoting the private sector investment in all these sectors, including agriculture, that what we can say.

So these three interventions started boosting up the Indian entrepreneurial scenario that what we can say.

If you look into the MSME data of for 2022/23, which says that as on date there are about 633 lakh enterprises that are available in in the country which employs about 12 crore people so this is 1 aspect. And if you look into the post 2015 scenario, the scheme of Startups India started in 1920/50, since 2016 to 2023 as only we can say that more than 1.2 lakhs enterprises were established in the country, of which 45% of them are owned by women and they generated employment about 9,00,000 and similarly another scheme Standup India we will be discussing these two Startups and Standup in detail in our subsequent classes. Just I am giving you the overview of that and the Standup India more than 1.8 lakhs Startups came into existence. Why we are talking about these things? So, this gives us an input that the scenario with regard to establishment of an enterprise we can say that entrepreneurial culture among the Indian population is increasing over a period of time.

So the recent addition to that is the concept of Unicorn Startups in Indian context. So before that, we used to come across all these unicorns by various other countries, might be USA or may be European continent or the Chinese companies. But since 2018 nineteen the scenario changed in the Indian context in the year 2023 alone, 111 new unicorns added to the Indian Startups. So this gives us an input that the entrepreneurial scenario in India is changing, the entrepreneurial environment in India is changing and the people are entering into this over a period of time in different sectors. The point to be noted here is of this 111 new unicorns none of them are in agriculture sector the reasons for which that will be taking up a bit later. I am referring to this Unicorns the term Unicorn again and again. What do you mean by this Unicorn Startups? Unicorn Startups means when and Startups when it enters into the turnover of 1 billion U.S. dollar or in Indian Rupees, if we talk about when its turnover is more than about 7500 crore rupees in a financial year. So then we say that that is an Unicorn Startups. So in that shorter period of time, so they are making this higher jumps into these things and what kind of volume of business that they are doing. So this is the concept of unicon and in the recent days, we have added 111 such unicorns into this thing. So the strengths weaknesses and opportunities and threats of Indian agriculture that we have already discussed in our previous discussion this gives us an input that so there are number of opportunities and these strengths of Indian agriculture can be enhanced to be part of this Unicorn Startups. Strengths include the rich biodiversity, arable land,

climate which is prevalent in the Indian context. In addition to that the well established research and extension system. The weakness and opportunities if you look into so they can be encashed because every weakness or every problem that the Indian agriculture is facing or the Indian entrepreneurial environment is facing can be an opportunity for the potential entrepreneurs so this is how we need to encash that. So in this context, so we need to focus on two important aspects. So there are some social situations and there are some political issues which can be taken care of for strengthening the entrepreneur scenario in the Indian context. So to begin with a social situation which is very complex in nature, so very complex in nature, because the roles of an individual, the positions, the norms and the value system, all these are part and parcel of our social systems. So how we can face these things and we can adjust them for the purpose of enhancing this concept of entrepreneurship in Indian context. So to give you some overview of Indian institutions from the point of view of agriculture in the year 1970/71, so the number of farm holdings were about 7.71 million, which increased or we can say doubled by the year 2010/11. So there is a quantum jump almost double. It means the number of holdings have increased, it means the fragmentation of the land, what we were discussing in one of our previous class. So in the 2022/23 as on date, so the number of holdings has increased to 154,000,000, it means there are about 15,00,00,000 farm families are there in the country and another interesting or the concerning factor as far as the social institution is considered 85% of these total land holdings come under small and marginal category. So now to develop entrepreneurship among these small and marginal farmers, this itself is an uphill task, but it is not that it is impossible, but we need to develop the strategies for that, we need to bring them into different networks, to organize them into groups and create such an environment so that they can emerge as entrepreneurs.

So as per the data available, 37 million farmers in India have turned into the farm labours in the previous decade. So this is what a small number. So why they are losing these opportunities because of the local concerns and the issues associated that what we discussed in our previous discussions. To support to this, so 235 farmers are quitting farming every day. So this is another important aspect that what we need to keep in mind. So it is because of fragmentation of the land but are there any solutions for that obviously there solutions for that, obviously there are solutions. We need to create such an environment just the beginning part of this discussion I said that number of unicorns in Indian context are increasing, but none of them are in agriculture sector. The reasons behind that, the possible reasons behind that could be the marketable surplus for the available with the small and marginal farmers so that he is not able to compete in the open market. Then what is the solution they have to organize themselves into groups may be in the form of Self-help group or may be in the form of former police companies or any such

group activities that they can form and they can enter into the market and in addition to that, various schemes and promises that the government is making by exploiting them, they can change the existing scenario.

So the next institution that I was mentioning about is the political risk that is available. Political stability plays the dominant role in creating and maintaining and sustaining the entrepreneurial environment in any country in any country. So how a farmer can contribute for that? So how an individual can contribute for that? So I was mentioning about the political stability and the level of social equality they are closely associated with that.

So with this small piece of land, so there is lot of inequality in the society and associated with that is unemployment. All these things are going hand in hand. Then the next issue comes over is the level of corruption, threat of terrorism and other threats of security related issues. All these things can taken care of by only one particular aspect that is establishing the political stability in a particular state or the country as a whole, so when these things are established, so definitely the number of unicorns or the entrepreneurial environment within the country within the state is going to be enhanced. In one of our previous class we were discussing about a particular state is classified under very well developed state and a particular state is classified under less developed or non developed state, even with existence of huge amount of natural resources, land resources and various other resources so the development is not there. It is because of this lack of political stability. So that is how it is contributing to the maximum extent. In that context, we can say that enterprising culture has prevailed in the country since ages since medieval period that we have seen up to this particular period and situation over period of time is changing in the country with the increase in political stability as well as taking care of the social factors, then the social and political situations prevailing in a particular state or in the country as a whole, they play a key role then participation of the people is more important in these aspects so especially when it comes to agriculture and life sciences, it becomes more important because of their small landholding and less availability of marketable surplus and coming together and working together. So these are some of the important issues that what we need to keep in the mind with this we will be closed in today's discussion.

Thank you.