

AGRI STARTUPS IN INDIA

BRINGING AGRICULTURE STAKEHOLDERS TOGETHER



“The major hurdle in growth of startups is market access. Innovation needs to be matched with proper markets”

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Government of India launched the ‘Startup India’ program on 16 January 2016 with a stated objective to build a strong ecosystem for nurturing innovation and startups in the country that would drive sustainable economic growth and generate large scale employment opportunities. The Startup India, a flagship initiative of GOI has further given a stimulus to the Agri-Business Incubators to nurture innovation and Startups in the country. A Startup India Action Plan was announced on 16 January 2016.

It comprised of 19 action items spanning across three key areas of ‘simplification and handholding’, ‘funding support and incentives’, and ‘industry-academia partnerships and incubation’. Simultaneously, MSME (Micro Small Medium Enterprise) also encourage idea-stage startup with the support of 15 lakh pre-

seed funding support through an established incubator ecosystem startup. Currently, there are more than 2500 agri-startups registered with Startup India.

The “National Agriculture Innovation Fund” of ICAR provides systematic ethos to technology transfer and commercialization. With this support mechanism, ICAR-NAARM is promoting agribusiness while handholding agri-business incubators by inter-alia developing modules, guidelines and other forms of learning material for capacity building.

The Council strives to accelerate development of entrepreneurial companies from idea stage towards self-sustaining successful business. To specifically cater to the need and modalities for agribusiness promotion, a revamped “Rashtriya Krishi Vikas Yojana - Remunerative Approaches for Agriculture and Allied Sector Rejuvenation” (RKVY-RAFTAAR) was launched in 2017-18 with a component for innovation and agri-entrepreneurship.

Under this scheme, RAFTAAR Agribusiness Incubators (RABIs) has been created. Under the scheme 5 knowledge Partner, IARI, MANGE, NIAM, AAU and US Dharwad, and 24 RABIs were established. The funding support was also given up to Rs. 5 Lakh for pre-seed stage startups and Rs.25 lakhs for seed stage startups.

A similar kind of effort has been done by NABARD and DST to establish the R&D labs for startups. More than 2500+ agri-startups have been trained to address problems in the agriculture sector like small farm size, poor infrastructure, low use of farm technologies and best farming techniques, decrease of soil fertility due to over-fertilization and sustained pesticide use.

The National Agricultural Research and Education System (NARES) has also geared up to create an ecosystem for the handholding of these startups. There are seven Technology Business Incubators (TBI) supported under the National Initiative of Development and Harnessing Innovations (NIDHI) scheme of the Department of Science and Technology, 50 Agribusiness Incubators (ABIs) in the Indian Council of Agricultural Research, and 29 ABIs in the State Agricultural Universities. Incubation is a critical driving factor in the success of startups.

‘Startup India Seed Fund

On 16 January 2021, Prime Minister Narendra Modi announced the launch of the ‘Startup India Seed Fund’ worth INR 1,000 crores to help startups and support ideas from aspiring entrepreneurs. The environment has been created to grow the startup ethos in India, as a result of this, agri-startup came into the picture like, Ninjacart, Dehatm Bijak, Intello Lab, Fyloo, Bighaat, E FAARM, Absolute etc. Last year, agritech startups raised close to \$684 Mn across 47 deals. In total, the agritech sector has raised \$1Bn in funding between 2014 and 2021. This is a huge breakthrough for Indian startups and these figures will inspire young entrepreneurial minds of our country to seek the direction of agricultural technology.

Under RKVY-RAFTAAR alone, more than 2500+ agri-startups have been trained to address problems in the agriculture sector

like small farm size, poor infrastructure, low use of farm technologies and best farming techniques, decrease of soil fertility due to over-fertilization and sustained pesticide use. Currently, it is reported that growth rate of startups is 25 per cent every year by NASSCOM. A wave of Agritech startups has emerged in the last few years in India.

Agri-Startups: The Way Ahead

A 19-point “Startup India Action Plan” was launched in January 2016, which led to the introduction of several policy initiatives to build a robust ecosystem for nurturing innovation and startups (GoI, 2016). This led to a tremendous surge in incorporating new companies with innovative ideas in almost every sector- agriculture, healthcare, biotechnology, engineering, fintech, transport, fashion, environmental science, legal services, logistics, IT services, marketplace, etc. The technology-led startups, alias tech startups, are also growing.

It has been found that around 3-4 tech startups are born each day in India (Indian Startup Ecosystem, 2020). The major hurdle in growth of startups is market access. Innovation needs to be matched with proper markets. Collaborative work in startups in emerging economies is determined by awareness of the role of the environment, the size of the market and the context where the market is developing.

For effective decision-making, the government should stimulate these companies in joint effort to continue exploring different interactions among all stakeholders, which allow a market for mutual benefit between company and farmers. Following points should be considered by policy makers and researchers to further boost the growth of Agri startups in India.

1. Increase awareness about the Agri-startups among the farmers and other stakeholders
2. Provide funding support to up-scaling of Agri-startups
3. Technology backstopping and handholding by ICAR Institutes/SAUs
4. Testing and validation of innovations for certification/technology incubation by ICAR
5. Increase networking and market linkages among Agri startups for out scaling of goods and services
6. Promote business collaboration between public and private firms for creation of new market space in Agri-startups

Encouragement of startup growth in agriculture sector paves opportunity for youth employment in rural farm and non-farm sector. Not only employment of youth, but it further creates job opportunity for different stakeholders in rural ecosystem.