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## Venturing into Agri-entrepreneurship: A Study on Enablers and Constraints

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### ABSTRACT

*Agriculture sector is critical to the growth and development of India as majority rely on agriculture. With the changing landscape of agriculture and the way it is shifting from subsistence to commercial farming, the role of private extension service providers is assuming greater significance. This trend is alluring the private individuals to engage into Agripreneurship activities. Even many involved in farming are showing interest to shift to Agripreneurship by diversifying their activities and income sources. Becoming the seller of agri-inputs and information to the farmers in varying scale is a new agribusiness opportunity for many in different regions of the country. The Diploma in Agricultural Extension Services for Input Dealers (DAESI) is a scheme of Agriculture Ministry of Government of India to train and enable the candidates aspiring to become agripreneurs to embracing agri-input business. However, venturing into such untraversed road without enablers is likely to cause disruptions to the livelihood of small agripreneurs. Such ventures are also likely to encounter several constraints for which necessary policy facilitation may be put in place. The present study identifies such enablers and constraints encountered by the candidates completing the DAESI program based on the data collected from 600 respondents in 10 different states of India. The study also suggests policy recommendations to give impetus to aspiring agripreneurs to take up Agripreneurship activities and support farming community in India.*

**Keywords:** Agri-Entrepreneurship, Agriculture Extension, Constraints, Input Dealer, Technical Competency.

### Introduction

Agricultural extension in India is predominantly public funded and is targeted to provide farmers with suitable and relevant technologies in agriculture. But Public extension alone is not enough to fulfil demand for technical knowledge and agricultural inputs among farming community. Therefore, private players

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such as agribusiness companies, agripreneurs, NGOs, input dealers, etc., are also playing a major role in technology and information dissemination to the farmers. Among various players, input dealer is one of the important sources of information to the farmers in India. Farmer's prosperity and standard of living is determined by the profitability of their allocation. To make agriculture profitable, efficient dissemination of latest agriculture technology is very critical. This role is mainly determined by Agri Input Dealers in India. Their role as para-extension professionals by providing requisite knowledge to farmers, they can professionalize extension services and contribute to bring a paradigm shift in Indian Agriculture.

With this idea, the National Institute of Agriculture Extension Management (MANAGE) has designed one year Diploma program "Diploma in Agricultural Extension Services for Input Dealers (DAESI)" to impart relevant agricultural knowledge to the dealers to transform them into para-extension professionals and enable them to address the field level problems of farmers. The DAESI Program is in operation since 2003. Realizing the growing importance of the program, Govt. of India has made DAESI as Central Sector Plan Scheme since 2015, implying that the government will bear part of the (50%) program fee to incentivise agri input dealers to enrol in the DAESI program.

Interestingly, a large number of people from different occupations and industries are taking admission to the DAESI program with an idea to venture into agri input business opportunities. This provides for an interesting case of willingness of the people to take up agri-input dealership as an entrepreneurial activity without any financial assistance from the government. Having decided to trudge this path after paying the 100% course fee, how the DAESI course helped them was also important to be understood. In this connection, the research study was carried out to identify the enablers and constraints encountered by members in setting up of their own agri ventures.

### **Methodology**

DAESI Scheme Operational Structure: MANAGE is implementing the programme with the help of State Agricultural Management and Extension Training Institute (SAMETIs). In turn, SAMETIs organize the program through various Nodal Training Institutes (NTIs), such as agriculture colleges, Krishi Vigyan Kendras (KVKs), Agricultural Technical Management Agency (ATMA), and Non-Government Organizations (NGOs), etc., at the district level with the help of resource persons drawn from universities, research organizations, departments, and freelancers.

Research Design: Ex Post Facto research design was adopted for the study as the

researcher had no opportunity to influence the independent variables and the sample population has completed the program atleast two years before.

**Sampling Plan:** The study was carried out in 10 states (Bihar, Chattisgarh, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, UttarPradesh and West Bengal) with highest number of candidates enrolled under self-finance scheme of the DAESI program. The data was collected exclusively from the trainees of the self-finance DAESI batches completed during 2018-21 by purposively selecting the candidates not having agri-input license at the time of their enrolment in the DAESI program.

**Sample size:** A sample of 600 trained DAESI candidates constituted the respondents of the study. The data of this study was collected through personal interview.

**Statistical analysis:** Frequency and percentage were used for classifying the data. The collected data were classified, tabulated, analyzed and interpreted in order to make the findings meaningful.

## Results and Discussion

**Table 1.1 Reasons (More severe) for not establishing agri-input enterprise by the respondents trained under DAESI**

S.no	Reasons (Most severe)	f	%	Rank
1	Lack of financial support from banks and financial institutions	137	72.87	I
2	High credit business	121	64.36	II
3	Business is capital intensive	107	56.91	III
4	Non-supportive government policies	93	49.47	IV
5	Inability to proper market planning	88	46.81	V

Lack of financial support from banks and financial institutions was ranked as main reason for not establishing their own enterprise. The other most severe reasons are also mostly related to the financial requirement of the business indicating the nature of agribusiness landscape becoming more capital intensive. Therefore, the respondents should be supported with the schemes and incentives to encourage them to take agriprenurship. The department officials must utilize the services of the trained input dealers to serve the farming community by giving them preference.

**Table 1.2 Reasons (Moderate severe) for not establishing agri-input enterprise by respondents trained under DAESI**

S.no	Reasons (Most severe)	f	%	Rank
6	Fear of competition	87	46.28	VI
7	Inaccurate evaluation of project (DPR)	79	42.02	VII
8	Bottlenecks in obtaining license from the department to start the business	76	40.43	VIII
9	Complex legal issues	75	39.89	IX
10	Problems of partnership and team work	72	38.30	X

One of the psychologically rooted reason among respondents is fear of competition which prevents them from establishing agri-input enterprises. To overcome this, topics related to entrepreneurship, innovative business management and marketing techniques need to be included. Inaccurate evaluation of the project ranked seventh in place. This constraint points out to the need for including technical topics like creation of detailed project reports, methods of project management. The respondents also reported operational reasons such as bottlenecks in obtaining license from departments to start business and complex legal issues. Policy support by respective departments can be provided. Further, simplifying the rules and procedures for the same can ease the process. Problems of partnership and team work is another psychological reason stated by the respondents. According to changing dynamics of business, there is need for cooperation for commercial success.

**Table 1.3 Reasons (Less severe) for not establishing agri-input enterprise by respondents trained under DAESI**

S.no	Reasons (Most severe)	f	%	Rank
11	Lack of professional advice to run the enterprise	70	37.23	XI
12	Lack of related experience, expertise and good work relationships	64	34.04	XII
13	Problems in product or service supply	51	27.13	XIII

14	Inadequate training under DAESI	51	27.13	XIV
15	Non-Supportive attitude by the family members	49	26.06	XV
16	Lack of interest and dissatisfaction in work or work place	47	25.00	XVI

Around 37.23 per cent of respondents stated lack of professional advice to run the enterprise. The Nodal Training Institutes who are organizing the DAESI programs under self-finance mode should identify the willingness of the candidates to establish the shops and to serve the farming community as Para-extension worker. The identified candidates should be provided support by the MSME development agencies, Entrepreneurship Development Institutes should work in coherence/ collaboration to channelize these positive proactive entrepreneurial behaviour components of rural agri entrepreneurs to encourage them to establish agro-based enterprises. Problems in product supply can be combatted by having proper knowledge of domain.

**Table 2 Constraints faced by the respondents**

No.	Constraints	Yes	
		f	%
<b>Personal constraints</b>			
1	Fear of failure due to risk involved	206	34.33
2	Lack of support from family members	199	33.17
3	Difficulty to keep records/ bookkeeping	192	32.00
4	Lack of interest in business	185	30.83
5	Lack of skills related to input dealing	185	30.83
<b>Marketing Constraints</b>			
6	Fluctuations in market demand for input and seasonality	445	74.17
7	Frequent market price fluctuation	409	68.17
8	Unavailability of inputs including fertilizer, insecticides and pesticides at the right time	362	60.33
9	Middleman malpractices in the supply chain	287	47.83

<b>Situational constraints</b>			
10	Highly competitive business environment	432	72.00
11	Lack of policy support	255	42.50
12	Lack of departmental/ government cooperation	253	42.17
13	Local political pressure/ influence	252	42.00
14	Unavailability of storage facility in the area	245	40.83
15	Delayed renewal of license	224	37.33
<b>Economic/ financial constraints</b>			
16	High cost of inputs (fertilizers/ manures/ plant protection chemicals)	394	65.67
17	Lack of investment capital	369	61.50
18	High transportation cost	354	59.00
19	High credit business	344	57.33
20	Poor returns to capital	336	56.00
<b>Extension constraints</b>			
21	Lack of consultancy and counselling service	291	48.50
22	Lack of technical knowledge of new product and Cultivation practices.	245	40.83
23	Lack of knowledge about modern technology	234	39.00
24	Lack of business management training	230	38.33
25	Lack of motivation	215	35.83

The various constraints faced by the respondents are listed under personal constraints, marketing constraints, situational constraints, economic constraints and extension constraints. The details of the constraints faced by the respondents is presented in Table 2. Among the personal constraints faced by the respondents it was revealed that one-third (34.33%) of the respondents perceived fear of failure due to risk in business as major constraint. Lack of support from family members (33.17%), difficulty to keep records (32.00%), lack of interest in

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business (30.83%) and lack of skills related to input dealing (30.83%) were the other personal constraints perceived by the respondents. From the results it can be observed that nearly one-third of people have perceived them as constraints in establishing and running business. In this regard Rahul (2020) in his study on An analytical study on Transforming Agri Input Dealers into Para Extension Professionals had reported that majority of the respondents stepping back because of fear of failure and lack of support from family members.

Out of the marketing constraints listed, fluctuations in market demand for inputs and seasonality (74.17%) was the major constraint perceived by the respondents, followed by frequent market price fluctuation (68.17%), unavailability of inputs during right time (60.33%) and middleman malpractices in the supply chain (47.83%).

Situational constraints are factors that limit the extent to which attitudes, personal characteristics, and motivation translate into behavior and performance. Highly competitive business environment was faced by majority (72.00%) of the respondents, lack of policy support (42.50%), lack of departmental/ government cooperation (42.17%), local political pressure/ influence (42.00%), unavailability of storage facility in the area (40.83%) and delayed renewal of license (37.33%). This findings was in agreement with the finding of Mubeena et.al (2021) in her study on Constraints encountered by Rural Youth for establishing Agri Enterprises where she stated that lack of support from government was the major constraint faced by the respondents.

Economic constraints are external factors that limit entrepreneur, the freedom to do whatever it wants, and they are usually beyond the individual control. Nearly two-third of the respondents (65.67%) felt high cost of inputs as major constraint. Lack of investment capital (61.50%), high transportation cost (59.00%), high credit business (57.33%) and poor returns to capital (56.00%) were other constraints faced by them. This is in line with the findings of Patel, N et al. (2023) in her study on Field problem analysis approaches after DAESI Program stated that lack of capital is one of the biggest constraint faced by agro-input dealers.

Extension constraints are those factors which limits the entrepreneurs to reach large number of farmers in their agri-input business. Lack of consultancy and counselling service (48.50%) was the major extension constraint perceived by the respondents, followed by lack of technical knowledge of new product and cultivation practice (40.83%), lack of knowledge about modern technology (39.00%), lack of business management training (38.33%) and lack of motivation (35.33%) respectively. This is in line with the findings of Shrishailam, B (2021) in which he revealed that the major extension constraint was untimely reaching of message and lack of technical knowledge.

## Conclusion

The study sort to make an appraisal of the constraints faced by the respondents in setting up of the agribusiness. A number of constraints were identified, topping the list being the typical one, which is fluctuating in market demand for inputs. This is the most nagging small business challenge. The next major constraint was competition in market. Agri enterprises get overwhelmed by the level of competition from market and it is advised to ward off mainly through high quality products/services and DAESI trained input dealers must be given preference by agriculture department in sale of subsidized inputs such as seeds, fertilizers through these shops which increase the visibility of their business. Many competent input dealers trained under DAESI may be supported with agri infrastructure fund to pursue agri consultancy, procurement and processing centres, storage infrastructures etc.

Agricultural department should place the inputs as per the cropping season in order to avoid black marketing and to avoid middleman in the supply chain. The DAESI trained input dealers should be given a preference for renewal of license and should promote their enterprises for better consultancy services. The respondents those who were not able to establish shops and who were facing difficulty in running their shops shall be made aware and shall be linked to various other schemes for running their business.

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