

Scaling Agri - Startups and Enterprises

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The Government of India, the State governments, private sector, and the NGOs have initiated several steps towards strengthening of the agri-startup ecosystem. The stakeholders are working more cohesively like never before. The financial agencies are infusing handsome money in startups and helping them to scale up, reach wider geographies and penetrate deeper to reach maximum number of customers.



Agri-Startups and Agri-business enterprises are emerging considerably across the country to support the agriculture value chain activities and also to deliver efficient, innovative technologies, products and services to the agricultural development stakeholders including farmers and consumers. In the last few years, there has been an evident cultural shift towards entrepreneurship development especially in the form of Agri-Startups and enterprises.

Government of India's Startup India initiative; Agri-entrepreneurship and Innovation component of RKVY-RAFTAAR; Startup incubation and innovation funding support from DBT, DST, NABARD and NITI Aayog; are accelerating the scaling-up of Agri-Startups. Similarly, infrastructure development fund for Agriculture and Animal Husbandry, Fisheries (PM Matsya Sampada Yojana), Food Processing (PM Kisan Sampada Yojana) and Vocal for Local initiative

of Ministry of Food Processing and Industries to promote micro food enterprises, are promoting agri-business eco-system and supporting Agri-Business enterprises.

Startup India

This Government of India initiative was announced on 15th August, 2015. The action plan of this initiative is focussing on three areas: Simplification and Handholding, Funding Support and Incentives, and Industry-Academia Partnership and Incubation. The Department for Promotion of Industry and Internal Trade (DPI&IT) is supporting startups for the registration, land permissions, foreign investment proposals, and environmental clearances.

In 2015-16, India had approximately 200 startups registered on Startup India portal representing all the sectors (www.startupindia.gov.in). In 2021, agriculture and allied sector account for 14,311 startups.

Initiatives Towards Promoting Agri-Startups

Various national initiatives taken up by the departments and organisations are given below:

Rashtriya Krishi Vikas Yojana - Remunerative Approaches for Agricultural and Allied Sector Rejuvenation (RKVY-RAFTAAR):

In the year 2018, Department of Agriculture, Cooperation and Farmers Welfare (DACFW), Ministry of Agriculture and Farmers Welfare came up with Rashtriya Krishi Vikas Yojana – Remunerative Approaches for Agricultural and Allied Sector Rejuvenation (RKVY RAFTAAR) scheme under the component called “Innovation and Agri-Entrepreneurship Development”. The scheme was launched for providing financial support and nurturing the incubation ecosystem. It aims to encourage start-ups in agriculture and to contribute directly or indirectly to enhance the income of farmers by providing them with some new opportunities and providing employment to youth.

Under the scheme, 24 RKVY-RAFTAAR Agribusiness Incubation Centres were established across India and for their handholding, five Knowledge Partners are entrusted. National Institute of Agricultural Extension Management Hyderabad, National Institute of Agricultural Marketing (NIAM) Jaipur, Indian Agricultural Research Institute (IARI) New Delhi, University of Agriculture Science Dharwad, and Assam Agriculture University at Jorhat are the five Knowledge partners and they are also the Centre of Excellence in Agribusiness Incubation.

The program comprised of supporting the entrepreneurs at two stages of growth i.e., ideation stage and scale up stage. Agripreneurship Orientation program is meant for the entrepreneurs at the ideation stage. They are supported by providing two months of training, stipend of Rs 10,000/- per month, internship, mentoring support to convert an idea into prototype and grant in aid up to Rs 5,00,000/- per startup.

Startup Agribusiness Incubation program aims at supporting the startups at the scale up stage. They are trained for two months, provided with business support services and grant in aid up to Rs 25,00,000/-. After receiving the grant, startups are further provided with handholding

support for one year, until utilisation of grant in aid amount.

In the year 2019-20, total 346 start-ups in the agriculture and allied sectors were supported with the grants. The funded startups were working in the areas like Agro-processing, Post-Harvest, Food Technology & Value addition, Artificial Intelligence (AI), IoT, ICT, precision farming, Digital agriculture, Blockchain technology, Agricultural Logistics, Value & Supply chain management, Online/virtual platform, Agricultural Extension, Agricultural Inputs, Farm mechanisation & innovations, Organic farming & products, Natural Resource Management, Renewable Energy, Waste to Wealth, Animal Husbandry, Fisheries, Dairy, Secondary agriculture, etc. All these startups are addressing the key issues in the agriculture sector with their intervention.

Department of Science and Technology (DST):

Under Department of Science and Technology, Science Technology and Entrepreneurship Park were already operating in India and supporting the aspiring entrepreneurs to set up businesses and scale up further. The emphasis of these institutions was primarily on businesses backed up by deeper technologies.

The National Science and Technology Entrepreneurship Development Board (NSTEDB), established in 1982 by the Government of India under the aegis of Department of Science and Technology, is an institutional mechanism to help promote knowledge driven and technology intensive enterprises. The Board, having representations from socio-economic and scientific Ministries/Departments, aims to convert “job-seekers” into “job-generators” through Science & Technology (S&T) interventions. (<https://www.nstedb.com/>)

Atal Innovation Mission (AIM):

Atal Innovation Mission (AIM) is Government of India's flagship initiative to create and promote a culture of innovation and entrepreneurship across the length and breadth of our country. It is an initiative of NITI Aayog. AIM's objective is to develop new programmes and policies for fostering innovation in different sectors of the economy, provide platforms and collaboration opportunities for different stakeholders, and create an umbrella structure to oversee the



innovation & entrepreneurship ecosystem of the country (<https://aim.gov.in/>).

Department of Biotechnology (DBT):

Biotechnology Industry Research Assistance Council (BIRAC), which is a not-for-profit Section 8, Schedule B, Public Sector Enterprise, has been set up by Department of Biotechnology (DBT), Government of India as an Interface Agency to strengthen and empower the emerging Biotech enterprise to undertake strategic research and innovation, addressing nationally relevant product development needs (<https://www.birac.nic.in/index.php>). Financial assistance up to Rs 50 lakh is available under the BIRAC BIG Grant.

Ministry of Micro, Small & Medium Enterprises– ASPIRE:

A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE) is curated by Ministry of MSME, GoI. Under the scheme, Livelihood business Incubator and Technology Business Incubators can be established (<https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>). The startups can get funding of Rs 4 lakh at ideation stage and Rs 20 lakh at scale up stage.

Pradhan Mantri Mudra Yojana (PMMY):

PM launched Pradhan Mantri Mudra Yojana, wherein Micro Units Development and Refinance Agency Bank or MUDRA Banks provide loans at low rates to micro-finance institutions and non-banking financial institutions, who in turn provide low-interest loans to startups and MSMEs. Loans up to Rs 10 lakh can be availed under the MUDRA scheme. (<https://www.mudra.org.in/>)

There are three categories of businesses, which can avail loans under MUDRA loan for startups:

- Shishu - For new businesses. Loans up to Rs. 50,000 can be availed

- Kishor - For mid-aged business. Loans up to Rs. 5 lakh can be availed
- Tarun - For an existing, experienced business. Loans up to Rs. 10 lakh can be availed.

Agri-Clinics and Agri-Business Centres (ACABC), DAC&FW, MoA&FW:

The Agri-clinics and Agribusiness Centres (ACABC) is an innovative scheme of the Ministry of Agriculture and Farmers Welfare, Government of India and implemented by the National Institute of Agricultural Extension Management and National Bank for Agriculture and Rural Development, to take better methods of farming to every farmer across the country. It aims to provide self-employment opportunity to the agricultural graduates through entrepreneurship development training and appropriate financial-subsidy support to establish agri-enterprises and consultancy services to support farmers and also to complement the public extension systems for the overall agricultural development. So far, 74,761 entrepreneurs are trained and 31,391 agripreneurs have established their agribusiness ventures (www.agriclinics.net; July 1, 2021).

Initiatives of Indian Council of Agriculture Research (ICAR):

ICAR has come up with several initiatives to promote agri-entrepreneurship and technology transfer. Some of the initiatives are explained below:-

- a. Intellectual property and technology management (IP&TM) - The IP&TM scheme launched during 2008 can be seen as driver towards implementation of policy. Under the scheme Institute Technology Management Unit (ITMU) were established across all 100 institutes in ICAR. Five Zonal Technology Management Units (ZTMU) were constituted with the mandate to oversee the activities of ITMUs in the respective zone. The overall supervision of the scheme was by IP&TM unit at ICAR headquarter. It was ably guided by Agriculture Technology Management Committee (ATMC) comprising of recognised experts and the top management of ICAR.
- b. Business Planning and Development (BPD) - World bank funding under National Agricultural Innovation Project led to establishment of

Business Planning and Development Units at Institutions/Universities of ICAR. Under this project ten BPD units were initially established, five in ICAR institutes and five in state agricultural universities. Based on the experience and with a view to upscale across the system, 12 more BPT units were established during 2013-14. ICRISAT, ICAR and World bank came together in this endeavour.

- c. Agri Business Incubators - ICAR has established altogether 50 Agribusiness Incubators in Research Institutions and State Agricultural Universities of the ICAR.
- d. Agri Entrepreneur Growth Foundation-Syngenta Foundation India and Tata Trusts jointly established the Agri Entrepreneur Growth Foundation (AEGF) in 2019. AEGF adopts a decentralised approach towards empowering rural youth and training them to become Agri-Entrepreneurs (AEs) in rural areas. By doing so, the AEs began playing key roles in developing the agriculture of their surrounding regions. This initiative brings services, such as credit, market linkage, access to high-quality input, and crop advisory, together under one roof for associated farmers, who can avail previously inaccessible services and earn improved incomes. It aims at developing 1,00,000 AEs in the coming five years to ultimately achieve the goal of serving 20 million smallholders.

Number of other government schemes which are supporting Agri-Startups and enterprises are listed in the Startup India webportal. (<https://www.startupindia.gov.in/content/sih/en/government-schemes.html>).

State Government Initiatives

Followed by Centre, all states came up with state specific startup policies to promote Agri-startups. A few of them are mentioned below -

Kerala has initiated a government startup nodal agency called "Kerala Startup Mission (KSUM)". KSUM supports startup ecosystem by means of different components such as infrastructure, human capital development, funding, governance, public-private partnership, global collaborations and scaling existing and establishing new startup ventures from Startup-Boot Up-Scale up model for moving fast from ideas to IPO.

Telangana has launched the largest incubation centre in India as "T-Hub". Besides Startups, Andhra Pradesh has allocated a 17,000-sq.ft. Technological Research and Innovation Park as a Research and Development laboratory. It has also created a fund called "Initial Innovation Fund" of Rs 100 crore (US\$14 million) for entrepreneurs. The government of Madhya Pradesh has collaborated with the Small Industries Development Bank of India (SIDBI) to create a fund of Rs 200 crore (US\$28 million). Rajasthan has also launched a "Start-up Oasis" scheme (Startup India, n.d.).

MANAGE Centre for Innovation and Agripreneurship (MANAGE-CIA)

The MANAGE Agribusiness Incubation centre, MANAGE-Centre for Innovation and Agripreneurship (CIA) is a Centre of Excellence (CoE) in Agribusiness Incubation and Knowledge Partner for strengthening, hand-holding and demonstrating best practices to the RKVY-RAFTAAR Agri-Business Incubators (R-ABIs) and also implementing Startup Agri-business Incubation and Agripreneurship Orientation Programmes of the RKVY-RAFTAAR (<http://cia.manage.gov.in/>).

Incubation Programme:

Center for Innovation and Agripreneurship (CIA)-MANAGE runs a regular Incubation Programme to facilitate early stage Agri Startups to scale up their business.

Membership Programme:

Any aspiring entrepreneur can apply for membership, at free of cost. The members are entitled to get multiple benefits such as access to the regular updates and activities of CIA, registration to paid events at a subsidised price, information on success stories besides networking with multiple stakeholders of the startup eco system.

Krishi Vikas – Search for Agri Innovations:

Krishi Vikas is one of the flagship programmes of CIA-MANAGE, wherein grass root level innovations across the country are identified and facilitated.

Impulse – An Agribusiness Mentoring Platform:

Impulse is another prestigious initiative of CIA-MANAGE, which facilitates in connecting aspiring entrepreneurs with Mentors. It addresses

A list of a few Venture capital firms investing in Agri-startups are indicated below:

S. No	Venture Capitalist	Weblink
1	Omnivore	https://www.omnivore.vc/
2	Ankur Capital	https://www.ankurcapital.com/
3	Caspian	https://www.caspian.in/
4	Tiger Global Management	https://www.tigerglobal.com/
5	ABG Capital	http://abgcapital.com/
6	Steadview Capital	https://www.steadview.com/
7	Elevare Equity	https://elevarequity.com/
8	responsAbility	https://www.responsability.com/en
9	Accel Partners	https://www.accel.com/india-home
10	Nuveen	https://www.nuveen.com/en-us
11	Lightbox	https://lightbox.vc/
12	LGT Lightstone	https://www.lgt.com/en/
13	Aspada	https://www.aspada.com/
14	FMO bank	https://www.fmo.nl/
15	Bertelsmann India Investments	https://www.biifund.com/
16	Chiratae Ventures	https://www.chiratae.com/
17	William R Jarvis	https://www.jarvisinvestments.com/

the crucial need of expert guidance to establish agribusinesses in rural India on a larger scale.

Aqua Clinics and Aquapreneurship Development Programme (AC&ADP):

Since 2018, Aqua Clinics and Aquapreneurship Development Programme (AC&ADP), a 28-day free residential training program supported by the National Fisheries Development Board (NFDB), Hyderabad, is being implemented by the MANAGE in collaboration with the Fisheries Universities, colleges and institutions across India.

Aqua One Centres (AOC):

Aqua One Centres provide aquaculture support service to the Fish Farmers, disseminate newer technologies and innovations, and facilitate their wider adoptions. Twenty AOCs in 10 States were established with the financial support from the National Fisheries Development Board (NFDB).

Scaling-up Startups: Funding Sources

Bootstrapping/Self-financing:

Bootstrapping a startup means growing your business with little or no venture capital or outside investment. It means relying on your own savings and revenue to operate and expand.

Friends and Family:

This is also a commonly utilised channel of funding by entrepreneurs still in the early stages.

Business Plan/Pitching Events:

This is the prize money/grants/financial benefits that is provided by institutes or organisations that conduct business plan competitions and challenges.

Incubators:

Incubators are organisations set-up with the specific goal of assisting entrepreneurs with building and launching their startups. Not only do incubators offer a lot of value-added services (office space, utilities, admin & legal assistance, etc.), they often also make grants/debt/equity investments.

Government Loan Schemes:

The government has initiated a few loan schemes to provide collateral-free debt to aspiring entrepreneurs and help them gain access to low-cost capital. Some such schemes include CGTMSE, MUDRA, and Stand-up India.

Angel Investors:

Angel investors are individuals who invest

their money into high potential startups in return for equity. One can reach out to angel networks such as Indian Angel Network, Mumbai Angels, Lead Angels, Chennai Angels, etc. or relevant industrialists.

Crowd funding:

Crowd funding refers to raising money from many people who each contribute a relatively small amount. This is typically done via online crowd funding platforms.

Venture Capital Funds:

Venture capital (VC) funds are professionally managed investment funds that invest exclusively in high growth startups. Each VC fund has its own investment thesis – preferred sectors, stage of startup, and funding amount – which should align with your startup. VCs take startup equity in return for their investments and actively engage in mentorship of their investee startups.

Banks/NBFCs:

Formal debt can be raised from banks and NBFCs at this stage as the startup can show market traction and revenue to validate their ability to finance interest payment obligations. This is especially applicable for working capital.

Venture Debt Funds:

Venture Debt funds are private investment funds that invest money in startups primarily in the form of debt. Debt funds typically invest along with an angel or VC round.

TReDs:

To decrease the financing concerns faced by MSMEs in India, RBI introduced the concept of TReDS in 2014, an institutional mechanism for financing trade receivables on a secure digital platform. Trade Receivable Exchanges such as M1xchange, standardises the process of funding MSMEs via Invoice Discounting. TReDS addresses the gaps in MSME industry as enterprises face challenges in getting their payments on time, thus creating working capital discrepancies.

Venture Capital Funds:

VC funds with larger ticket size in their investment thesis provide funding for late stage startups. It is recommended to approach these

funds only after the startup has generated significant market traction. A pool of VCs may come together and fund a startup as well.

Private Equity/Investment Firms:

Private equity/Investment firms generally do not fund startups however, lately some private equity and investment firms have been providing funds for fast-growing late stage startups who have maintained a consistent growth record.

Initial Public Offering:

Initial Public Offer (IPO) refers to the event where a startup lists on stock market for the first time. Since the public listing process is elaborate and replete with statutory formalities, it is generally undertaken by startups with an impressive track record of profits and who are growing at a steady pace. One of the benefits of an IPO is that a public listing at times can increase the credibility of the startup and be a good exit opportunity for stakeholders. Any Angel investor, VC, or PE fund may buy out investors of a previous round to get their equity share as well.

Conclusion

Several interventions are being taken up by Central and State governments, Private Sector and NGOs towards strengthening of the agri-startup ecosystem. The ecosystems stakeholders are working more cohesively like never before. The financial agencies are infusing handsome money in start-ups and helping them to scale up, reach wider geographies and penetrate deeper to reach maximum number of customers.

These start-ups are making significant impact on the lives of farming community. Simultaneously they are also creating employment opportunities. Initiatives like Startup India, Standup India, RKVY RAFTAAR, AC&ABC, etc. are shifting the mindset of youth and others towards entrepreneurship in agriculture and allied sectors. In a nutshell, the ecosystem is contributing profusely towards scaling up of the startups.

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