



# Challenges Faced by Trained Agricultural Graduates in Establishing and Operating Agri-ventures under ACABCs Scheme in Andhra Pradesh

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**Abstract:** *The Ministry of Agriculture launched the Agri Clinics and Agri-Business Centers (ACABC) scheme in 2002 to exploit the innate potential of unemployed agricultural graduates towards dynamic agriconsultancy services, to offer employment prospects. The present study was carried out in Andhra Pradesh state during 2020-21. The primary data was collected with help of a questionnaire from 400 sample-trained agricultural graduates. The results showed that the success rate of starting an agriventure is low because of various challenges faced by trained agricultural graduates. Similarly, lack of own capital to launch a business, handholding support from NTIs, family support, business and field experience, a high rate of interest on loans, and numerous formalities in obtaining bank loans were the major challenges to establish an agri-venture. The present study was a modest attempt to identify the challenges faced by the trained agricultural graduates in establishing and operating the agri-venture under the ACABC scheme in Andhra Pradesh.*

**Keywords:** Agri Clinics and Agri-Business Centers, agripreneurship, agri-venture, Andhra Pradesh, trained agricultural graduates

## I. INTRODUCTION

Agriculture is basically a system of work and culture. The word 'agriculture' is derived from the two Latin words 'Ager' referring to the soil and 'Cultura' referring to the cultivation. Agriculture occupies a key position in all economies irrespective of their level of development by contributing employment to the majority of the labour force and providing a large share of national output. Agriculture is a very broad term encompassing all aspects of crop production, livestock farming, fisheries, poultry, forestry, and the like. Thus, agriculture and allied sectors are regarded as the backbone of the Indian economy. Most industrialised countries received their initial raw material from the agricultural sector and make use of the finished material like fertilizers, insecticides, and agricultural implements produced by the industries as the raw material for increasing agricultural productivity.

In order to promote agripreneurship among the youth, the Ministry of Agriculture launched the Agri Clinics and Agri-Business Centers (ACABC) scheme in 2002 to exploit the potential of unemployed agricultural graduates towards dynamic Agri consultancy services and to offer employment prospects. In this context, the foundation of the ACABC Scheme aimed at giving farmers knowledge and skills, as well as offering young agriculture-based graduates with the opportunity to build up agribusiness such as supermarkets, retail chains, and the like and prosper economically.

In Andhra Pradesh, the Scheme of Agri-Clinics and Agri-Business centres (ACABCs), started by the Ministry of Agriculture, Government of India, is being implemented by the National Institute of Agricultural Extension Management (MANAGE), Hyderabad. The Scheme intends to increase the supply of inputs and services while accelerating the process of technology transfer in agriculture by extending the existing extension network. Graduates with degrees in agriculture and postgraduates, diploma holders in agriculture, and related subjects can open their own



Agri-Clinics and Agri-Business Centers and provide professional/consultancy extension services to farmers. The initiative specifies the availability of better farming practices to farmers as well as better prospects for self-employment to Agricultural Graduates.

## **II. LITERATURE REVIEW**

Rabeesh Kumar Verma, Alok Kumar Sahoo, Santanu Rakshit (2017) documented the dire need for agripreneurship development to accelerate the growth of agriculture, employment creation in rural areas, increasing the standard of living agricultural farmers and workers, reducing migration from rural to urban areas and the like. In the same way, the paper also pointed out opportunities for the development of agripreneurship at input stage, farming stage, output processing, and marketing stages, and other services. On the other hand, it also identified agripreneurship development challenges in terms of insufficient infrastructure facilities, migration of skilled and young talented rural youth from rural to urban areas, lack of information technology, marketing problems related to agricultural products, lack of awareness about institutional and government policies and the like.

Kriti Bardhan Gupta, Lok Bardhan Gupta (2017) study aimed to explore the financial and economic viability of the main activities of agribusiness firms along with downstream business activities of the same firm as a part of the study, Policy Analysis Matrix (PAM) approach was used to identify the competitive and comparative advantage of the three highly diversified sugar mills which are located in Maharashtra and Uttar Pradesh for promoting agripreneurship in the country.

Baidyanath Ram Prajapati, Birendra Kumar (2017) emphasized that the Indian economic condition, education, and culture are the three factors that immensely influence agripreneurship in the country. Similarly, it identified the remedies to the various problems faced by the farmers in terms of finance, insufficient raw material, lack of training facilities, marketing, and so on. It also pointed out the implementation of civic services with the help of e-governance services in Uttar Pradesh. It helps the citizens of the study area to avail of the service anytime from anywhere based on their convenience and also enables them to interact with the government directly.

Venkateswarlu P., Ravindra P.S. (2014) study tried to examine the problems encountered by rural entrepreneurs with reference to the Visakhapatnam district. In this study, they pointed out the four major problems such as financial, marketing, management, and human resource. Moreover, it mainly focused on technological and financial problems which hinder the establishment, growth, and development of rural enterprises. Technological problems such as outdated technology, unavailability of new technology, technological differences between institutions and enterprises, and the like. In the same way, financial problems include insufficient working capital, problems in procuring loans from financial institutions, high rates of interest, and the like. It emphasized that rural entrepreneurship is one that paves the way for reducing poverty and unemployment in rural areas. Similarly, it concluded that need to review and amend the provisions of the act which govern rural entrepreneurship and the efforts of government; supporting agencies should coordinate to deal with the multifaceted problems of rural entrepreneurs.

## **III. OBJECTIVE OF THE STUDY**

The present study aims to achieve the following objectives:

To identify the major challenges faced by trained agricultural graduates in establishing and operating the agri-venture in Andhra Pradesh.

## **IV. RESEARCH METHODOLOGY**

The primary data used for the current study was gathered through a field survey in the state of Andhra Pradesh during 2020-21. A wide range of related literature was studied for further understanding of the challenges and facets of the agriclinics and agribusiness centres scheme. Two districts such as Kurnool and Guntur out of 13 districts of Andhra Pradesh, were selected purposively based on the high concentrations of trained graduates, favourable socioeconomic conditions, and numerous successful agriclinic and agribusiness centre initiatives reported in these districts. The two hundred (200) trained candidates were randomly selected from each Nodal Training Institute (NTIs) whereby a total of



400 trained agricultural graduates were selected as sample. A pilot study was carried out with a sample of 50 trained agricultural graduates to test the reliability and validity of the questionnaire in the same study area but other than the sample graduates. To study the challenges faced by the trained agricultural graduates, data was collected from 400 trained agricultural graduates in which 177 trained graduates who have failed to start their agri-venture for the study of challenges faced in the establishing agriventure and 223 trained agricultural graduates who already established their agri-venture for the study of challenges faced in the successful running of agriventure. Statistical techniques such as frequencies and percentages were used to identify the challenges faced by trained agricultural graduates in starting and operating agriventures under the agriclincs and agribusiness centres (ACABCs) scheme in Andhra Pradesh state.

V. RESULTS AND DISCUSSIONS

To study the challenges faced by the trained agricultural graduates, the data was collected on challenges such as lack of personal capital, higher rate of interest, lack of collateral security, lack of innovation, and the like. The results about challenges faced by the trained agricultural graduates were presented under the two headings which are as follows:

5.1 Challenges faced by trained agricultural graduates in Establishing the Agri-venture

Table 1 illustrates that lack of personal capital, higher rate of interest, unawareness of loan procedures, lack of collateral security, lack of support from parents/husband, and insufficient individual awareness with regard to funding agencies were the major challenges faced by 172, 165, 152, 149, 147 and 142 trained agricultural graduates which account to 97.17 per cent, 93.22 per cent, 85.87 per cent, 84.18 per cent, 83.05 per cent and 80.22 per cent, respectively. The lack of own personal capital is due to poor family conditions. Moreover, getting a loan from other institutions charges a high rate of interest. Lack of awareness about the funding agencies. Similarly, most agricultural graduates are unaware of procedure for getting loans from banks and financial agencies. Even after knowing the procedure, it is difficult to provide a collateral security and it is also observed that support from the family is not enough due to fear of the risk of failure of agri-venture. The second order challenges faced by these trained agricultural graduates in starting their agriventure were lack of innovation and experience to start an agri-venture (79.09 per cent), delay in disbursement of sanctioned loans by banks (77.40 per cent), lack of knowledge / inadequate knowledge about ACABC to the banks (74.57 per cent), Lack of time to concentrate on business and ultimately depending on other (72.88 per cent). Banks may hesitate to sanction loans to trained agricultural graduates due lack of awareness about the scheme in this context, banks may delay the disbursement of sanctioned loans. On the other hand, the agricultural graduates failed to start their own agri-venture due to a lack of innovative attitude and experience in the respective field and a lack of time to focus on business leading to over dependence on others.

Table 1: Challenges faced by Trained Agricultural Graduates in Establishing the Agri-venture (N=177)

Table with 4 columns: S. No., Particulars of Problem, No. of Respondents, Percentage. It lists 10 challenges such as 'Lack of personal capital' and 'Higher rate of interest' with their respective counts and percentages.

Source: Field Survey, 2021



5.2 Challenges Faced by the Trained Agricultural Graduates in Operating the Agri-venture

Table 2 depicts that the acute competition from the existing business players was the major problem faced by the 203 trained agricultural graduates (91.03 per cent) followed by poor infrastructure and marketing challenges by 195 trained agricultural graduates(87.44 per cent), perishability and seasonality of items by 189trained agricultural graduates (84.75 per cent), fluctuation in product pricing and demand by 178 trained agricultural graduates (79.82 per cent), lack of working capital to meet day to day expenses by 167trained agricultural graduates (74.89 per cent) and credit sales to the farmers by 152trained agricultural graduates (68.16 per cent). The challenge of intense rivalry from established players may be caused by their well-established businesses, more expertise, and superior market understanding. The infrastructure and marketing issue at the business location comprises roadways, storage, warehousing, and electricity facilities. The main challenges to agriventures' smooth operation are the perishable and seasonal nature of agricultural products. On the other hand, the majority of agricultural graduates come from farming communities, trained agripreneurs may not have the money to fund their ventures.

Table 2: Challenges faced by the Trained Agricultural graduates in Operating Agri-venture (N=223)

Table with 4 columns: S. No., Particulars of Challenges, No. of Respondents, Percentage. It lists 12 different challenges and their corresponding respondent counts and percentages.

Source: Field Survey, 2021

The other challenges faced by the trained agricultural graduates were a lack of skilled labours (61.88 per cent), farmers' illiteracy and lack of knowledge (55.60 per cent), Shortage of finance at different stages of agri-venture (47.98 per cent), wages and salary negotiation (43.04 per cent), poor family support (38.56 per cent) and, other challenges (34.97 per cent).The agri-ventures are facing the problem of a skilled labour force. On the other hand, a shortage of finance at different stages of operating agriventure lead to an inability to acquire a skilled labour force. It is also observed that poor family support and illiteracy and lack of knowledge of farmers make the trained agriculture graduates difficult to operate their venture because most of them come from the farming community.

VI. CONCLUSION

The agriclincs and agribusiness centres scheme has empowered rural and urban youth by offering them professional and technical expertise for establishing their own agri-venture and by assisting the farming community by timely supplying inputs. The ACABCs scheme has gained popularity among agricultural graduates, due to specialised training, credit availability, subsidies, and handholding support for the agri-venture startup. However, compared to all trained graduates, the success rate of starting an entire agribusiness is low because of various challenges faced by trained agricultural graduates. Similarly, lack of own capital to launch a business, handholding support from NTIs, family support, business and field experience, a high rate of interest on loans, and numerous formalities in obtaining bank loans were the major challenges to establish an agri-venture. Moreover, acute competition from other market players, issues with marketing and infrastructure, the perishability and seasonability of products, and fluctuations in



demand and prices are the other challenges faced by the trained agricultural graduates towards starting agri-venture under the ACABC scheme.

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