

## A STUDY OF SMALL AGRIPRENEURS AND THEIR BUSINESS MANAGEMENT

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### **ABSTRACT**

In India a lot of agriculture produce does not make good profit for lack of good marketing and lack of proper planning on the logistics front. If properly planned and marketed, the same produce can give huge turnover. Referring to the agriculture produce market of the middle size town of Jabalpur – the total vegetable and fruit market (excluding grain market) has an approximate turnover of Rs.50 lacs per day. This includes 20% to 22% vegetable market and the balance 28% fruit market. Further, the turnover of an average individual farmer ranges from around Rs.50000/- to Rs.200000/- per day. These figures are with reference to the whole sellers. In case of the individuals indulging in retail business, the small petty retailers have per day earning ranging from Rs.500/- to Rs.5000/-, again subject to certain conditions. These farmers can pull in much better profits but are the victims of the system, which involve the intermediaries, the local market rules, and the lack of ability to market the produce and so on, which can be discussed in detail.

This is a small research conducted on the basis that, the small and marginal farmers who come to the local city market either are required to sell their entire produce to a whole seller at a very low margin or they are required to retail the entire produce with a high risk of retaining a huge balance of goods. In both the cases, the farmer is lead to a loss. The study has been conducted to understand the basic operating procedure they follow and the problems they come across in their venture of Agripreneurship Development and its Management.

The hypothesis adhered was that, “All factors remaining same if the farmers are given assistance, and they can earn a better profit out of their produce.” Since the research has been only for the understanding of the agribusiness and its development, the methodology undertaken has been of personal interviews through means of random sampling. A total sample size of 117 such farmers were taken ranging from small to middle size farmers.

The study also leads to an insight wherein the Agripreneurs with either some modular planning and/or some modification in the state of the products get into better business opportunities. There are a couple of extraordinary examples to be sighted related to Agripreneurship further leading to a good agriculture development and its management.

**Key Words :** Agripreneurs, Agriculture Produce, Agricultural Logistics, Agri Produce business opportunities.

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### 1) INTRODUCTION:

In India a lot of agriculture produce does not make good profit for lack of good marketing and lack of proper planning on the logistics front. If properly planned and marketed, the same produce can give huge turnover. Referring to the agriculture produce market of the middle size town of Jabalpur – the total vegetable and fruit market (excluding grain market) has an approximate turnover of Rs.50 lacs per day. This includes 20% to 22% vegetable market and the balance 28% fruit market. Further, the turnover of an average individual farmer ranges from around Rs.50000/- to Rs.200000/- per day. These figures are with reference to the whole sellers. In case of the individuals indulging in retail business, the small petty retailers have per day earning ranging from Rs.500/- to Rs.5000/-, again subject to certain conditions. These farmers can pull in much better profits but are the victims of the system, which involve the intermediaries, the local market rules, and the lack of ability to market the produce and so on, which can be discussed in detail.

Agriculture is the major source of employment in and around the city of Jabalpur. To a major added information a lot of urban population is diverting and purchases of farmhouses have gone up to take up agriculture as a full time profession. (Table 1)

**2) LITERATURE REVIEW:**

Reading material from the earlier works done on the relevant subject supported the study. This included the works done by the references mentioned; research study done by Dr.Gupta R.K. for his doctorate on this subject and other study material from the University of Jabalpur (R.D.V.V.). Referential study was also done through the websites of ebescos and ecch. Articles from the Indian Journal of Commerce and AIMA were also referred.

**3) HYPOTHESIS:**

The hypothesis adhered was that, "All factors remaining same if the farmers are given assistance they can earn a better profit out of their produce." Since the research has been only for the understanding of the agribusiness and its development, the agripreneurs were personally interviewed through means of random sampling.

The basic reason of the study was the situation and the problems being faced by the farmers who come down for selling their produce in the city of Jabalpur from the nearby villages and small agricultural areas. These farmers are basically not marketers but are people who own small land and grow vegetables and other small crops for their survival. These farmers have some common problems as follows:

1. The produce is not so big that they can have a contract with the wholesaler.
2. The costs of overheads are at times not met.
3. Sale quantity affects the overall profitability.
4. Do not have proper storing system thus the overall transport cost increases thus decreasing the profit.
5. They are at times compelled to sell their goods to the local bigger retailers so that the individual risks are deduced.

In routine course all these local area farmers are divided into two broad categories: firstly those who are very petty ones and have a hand full of produce valuing to an amount of Rs.1000/- to Rs.2000/- per day. Second category is of the farmers who belong to slightly bigger category and hold goods averaging to Rs.5000/-. In the first case the farmers are either required to sell their goods on their own, where they have a huge risk of produce being left unsold; as the other option they can sell their produce in totality to some big shopkeeper. In this case there are chances of the small farmer being taken advantage of.

**4) OBJECTIVE OF THE STUDY:**

The modus operandi of the small agripreneurs is very simple and is majorly a very small process. The core objectives were:

1. To understand how do the small and marginal farmers sell their produce in the market.
2. Are the small agripreneurs getting a fair deal on their produce?
3. Will some modular planning in the operations would help in generating better business?
4. Will modification in the state of the products get into better business opportunities?

**5) SAMPLE SIZE AND METHODOLOGY:**

In the Jabalpur city, there are three major vegetable / fruit markets and since our focus of study is vegetable and fruit growers, while conducting the study a total of 187 agripreneurs were interviewed ranging from small to middle size farmers, including all the market places. These agripreneurs were divided into five different categories ranging from petty sellers (18%), petty sellers with permanent place (17%), sellers with permanent municipal allotted space (18%), wholesalers random (23%) and wholesalers with permanent municipal allotted space (24%). The methodology used was simple random sampling and all the targets were interviewed personally under a structured open-end questionnaire. FGD's were also organized to study consumer response for qualitative information. The details collected consisted both of qualitative and quantitative information. (Graph 1)

**6) UNDERSTANDING OF THE STUDY:**

During the study the first thing noticed was that a big percentage of the small agripreneurs in routine course bring their produce to the market place and sell it in the open market in the traditional manner. Some of them move as hawkers in defined zones of the urban and / or rural areas. It is some few who

sell their produce in bulk to some local retailer and ensure having cleared their stock. In routine course these small farmers carry their produce in carts or other local transport and sell it in the market in retail at a close to unanimous price. Some of these sellers have a defined permanent place to trade from and have their own set of customers who trust and count on them for quality and price. There are farmers who have bigger lot of produce to be sold and they indulge in both wholesaling and retailing of their produce. Although in this case the rates do vary for retail and wholesale but in most of the cases the goods are sold. (Table 2)

In cases where the agripreneurs are selling in either retail or wholesale they can get good price subject to quality of the product; aptness of time for the produce to reach the market and price negotiated. All this is majorly supported by the demand and supply ratio for a product. There are farmers who cannot manage to sell their entire produce on their own and they sell it to wholesalers; but in such a case it is most of the time the purchaser has an upper hand and fixes the rates. In these markets there is also a system of middlemen / brokers, who purchase produce from petty farmers in totality and then sell it on their terms and as per the market requirement. In such cases the profit margins earned by the farmers are reduced further and the sale is governed by the whims of the purchasers. (Graph 2)

One noticeable change, which has been seen, is that an entrepreneur has started a new phenomenon. This also answers that; will some modular planning in the operations would help in generating better business? He purchases agricultural produce from the small agripreneurs in totality and then after proper cleaning, processing and packing, he sells it against orders directly to households. This has given raise to good business options for the entrepreneur as well as a few more people. Since the purchases are made directly from the farmers in bulk, the prices are better than what can be received from the open retail market. Due to this, since the consumers are getting products at the same price at what the products can be picked from the open market, but in a better state, they are accepting the idea and concept very well. This is also generating better business options and also helping the farmers in getting a fair earning out of their produce. If this is accepted well and the idea persists, the problem of the brokers and middlemen would also be solved.

To support this concept of clean and packed agri produce, FGD's were organized with target potential consumers. This concept was appreciated and there was an open willingness to accept it. The consumers were also asked to rate the concept on the parameters of quality, price, affordability, availability, etc. For majority consumer's quality was the major concern, and since these consumers belonged to the category of SEC B and above affordability was not a very big concern. Another important concern was the factor of ready to use. (Table 3)

Looking into this concept a step further was suggested and an initiation was tried. This was the idea of selling cleanly and neatly chopped vegetables. This concept was first introduced in Food Bazaar and it has worked fairly well. Even during the FGD session consumers accepted this idea with an open view and has supported that even if the price varies marginally and the vegetables are made available cleaned and chopped, they do not mind paying an additional amount.

This also states that, modification in the state of the products get into better business opportunities. In the recent past the market for the dried vegetable and canned vegetables and fruits have also grow many folds. Data proves well that, in this time-constrained life style slowly people are looking forward to getting additional benefits. Another example, which is very peculiar, is that of ready pickles and other vegetable based conversions.

Since the farmers do not have a huge stock of produce they are not in the position of utilizing the storage facility. One good thing is that, the petty farmers who are petty vegetable retailers are ones who supply fresh goods to the consumers on a daily basis.

One more major point noted is that, it is only a average vendor who can afford to get a permanent municipal allotted place in the vegetable market and the rest small ones have to sell from areas in and outside around the market. This is because these farmers' vegetable vendors are not the people who earn a very high margin and are thus not capable of hiring a permanent shop against municipal rent. This also decreases the opportunity of the small and marginal farmers to grow and thus a very few manage to have an established market for themselves.

#### 7) LIMITATIONS OF STUDY:

- 1) Not a very big sample size could be taken due to many factors.
- 2) The study has been conducted in the city of Jabalpur, and thus only the farmers of nearby areas of Amkhara, Panagar, Deori etc. could be tapped.

**8) KEY FINDINGS:**

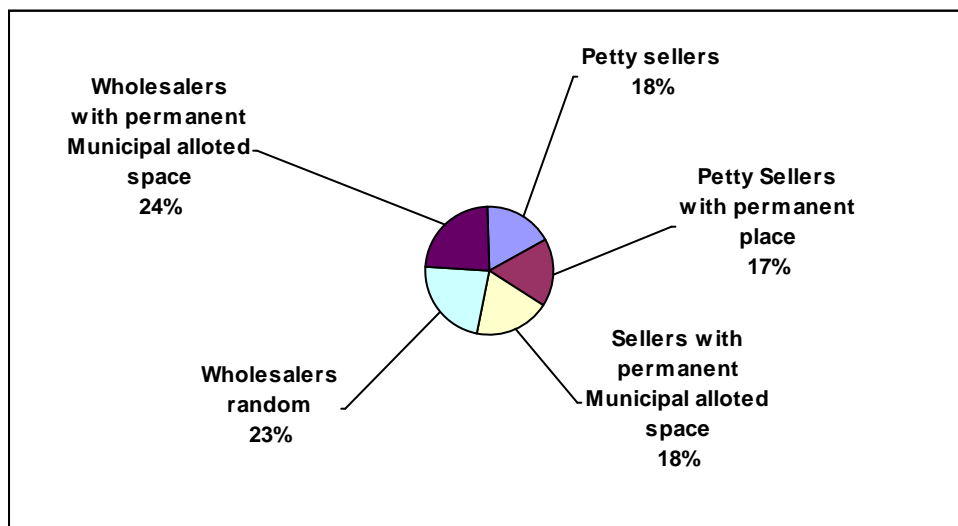
1. If the local market is organized and even the small agripreneurs are given an opportunity to operate from a better location, they would probably earn better market money.
2. The middlemen and / or brokers should be moved out, so that a uniform rates / price can be made applicable for all the vendors.
3. The financial institutions should support schemes with alteration in product presentability for better earnings and small agripreneurs should be assisted.
4. Small agripreneurs should be given assistance for planning their business operations in a better way.
5. The government for training and improvement of the small time agripreneurs should introduce schemes.

**9) CONCLUSION:**

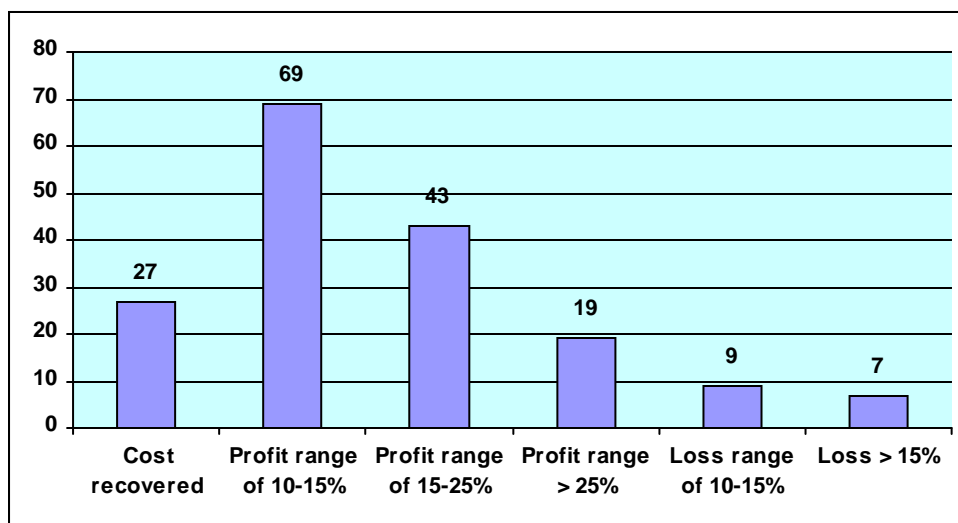
This study is still in process and is being conducted in the town of Jabalpur and with the agripreneurs of the surrounding villages and areas over a period of time. The author of this paper is conducting the entire study and for any further data or details, the readers can revert to the author. It is anticipated that the study would be of utility to many more researchers.

**10) REFERENCES:**

- a. Dr.Shukla C.M. – “Professional Management Development” 1996.
- b. Dr.Dhagat A.K. - “Market Review” 1999



**Graph 1: % of total vendors**



Graph 2: Every 100 time of sale

|  |                |
|--|----------------|
| <b>Total Population of Jabalpur District</b> | <b>1527340</b> |
| <b>Rural Population of Jabalpur District</b> | <b>1145505</b> |
| <b>Agricultural Population</b>               | <b>687303</b>  |
| <b>Vegetable growing population</b>          | <b>261175</b>  |
| <b>Petty sellers in Jabalpur District</b>    | <b>169764</b>  |
| <b>Petty sellers in Jabalpur</b>             | <b>7809</b>    |

Table 1: Population details

|   |             |
|---|-------------|
| <b>Registered Organized Vendors</b>       | <b>293</b>  |
| <b>Unorganized Vendors</b>                | <b>534</b>  |
| <b>Local Registered Organized Vendors</b> | <b>1291</b> |
| <b>Local Organized Vendors</b>            | <b>1997</b> |
| <b>Local Unorganized Vendors</b>          | <b>3694</b> |

Table 2 : The data consists of all the vendors, in all the categories excluding grains.

|                                      |            |
|--------------------------------------|------------|
| <b>Product Quality</b>               | <b>4.3</b> |
| <b>Product Price</b>                 | <b>3.7</b> |
| <b>Product Availability</b>          | <b>3.1</b> |
| <b>Consumers Affordability</b>       | <b>2.4</b> |
| <b>Ready to use ease</b>             | <b>3.4</b> |
| <b>Requirement</b>                   | <b>3.1</b> |
| <b>Because it makes a difference</b> | <b>3.0</b> |

Table 3: Consumers Rating

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