



Revitalizing Agribusiness: The Surge of Indian Agri-Start-Ups and Their Role in Economic Transformation

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Start-ups are any new business started with high ambition to revolutionize the society which should have at least one component of innovation either in product or service which a business organization going to deliver or in business model. While according to government of India start-ups is any private limited company, register as a partnership firm, or establish a limited liability partnership, provided that their turnover has been less than INR 100 Crores in any of the preceding financial years and their age at the time of incorporation does not exceed 10 years.

Start-up Ecosystem: Start-up ecosystem is a network of interconnected businesses, organizations, and individuals that form to achieve some sort of mutually agreed-upon outcome; comprised of numerous individuals collaborating to effect entrepreneurial/startup performance.

Indian Agri-Start-ups ecosystem: India is the agrarian economy with the third largest start-up ecosystem in the world in the number of unicorns (Start-up Company with a value of over \$1 billion) and is now home to more than 28000 start-ups in agriculture. In India, there were 5068 funded start-ups and 108 start-ups in the unicorn club with a combined valuation of \$345 Bn. The market opportunity for agricultural start-ups by 2025 is estimated to be \$12 billion in market linkages, \$3.4 billion in precision agriculture, \$1.7 billion in farm management and inputs, and \$4.1 billion in finance, as reported in the Inc42 Report of 2022. Funding for these start-ups experienced a Compound Annual Growth Rate (CAGR) of 49% from 2014 to 2021, surpassing the global rate, as indicated in the Inc42 Report. These start-ups are expected to generate 3.25 million jobs by 2025 and are projected to invest \$150-200 billion during the period of 2021-2025. The number of unicorns in this sector is estimated to increase from 105 in 2022 to 250 by 2025.

Indian startups raised a total of \$136 billion in funding from 2014 to 2022. In the same period, startups based in the USA raised more than six times that amount, totaling \$2.7 trillion, while funding for startups in China nearly doubled, and reaching \$2.7 trillion as well. The Compound Annual Growth Rate (CAGR) of funding in India from 2014 to 2022 was 27%. Over the last decade, the Indian startup ecosystem has expanded dramatically. According to the Hurun Report of 2022, 86,713 startups were registered on the Startups India portal. India is also home to 102 Soonicorns with a combined valuation of \$35 billion, as reported in the Inc42 Report of 2022. Indian startups have received backing from 9.5 K investors across various sectors.

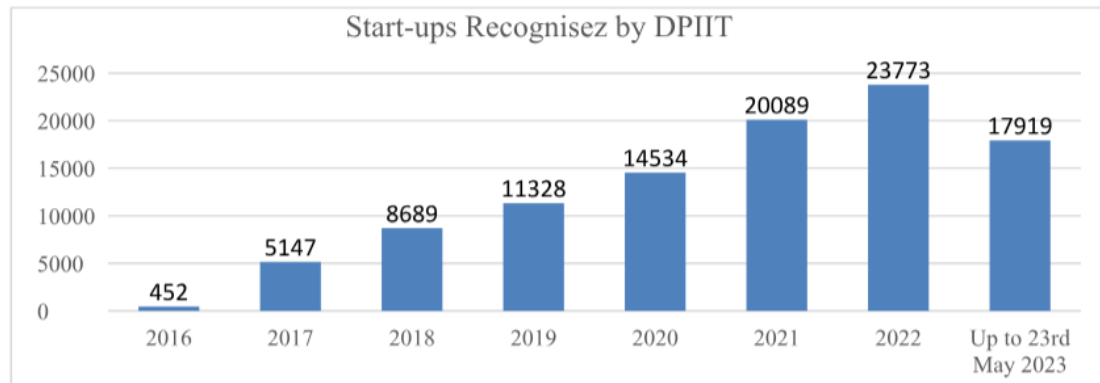


Figure 1: Start-ups growth trend in India (May 2023, over)

The Indian start-ups are growing at the CAGR of 72% (2016-2023), which is highest among top world economies.

State-wise distribution of Indian start-ups (Overall)

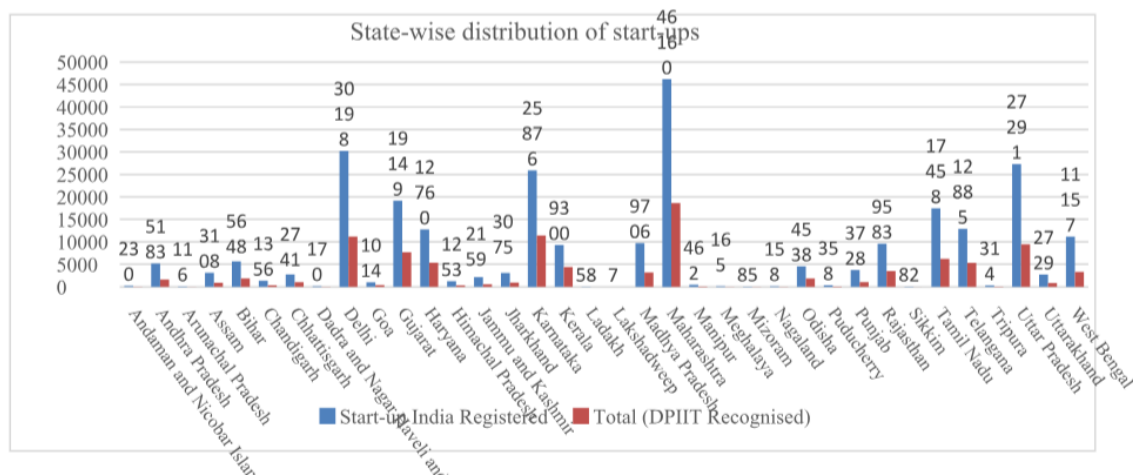


Figure 2: State wise distribution of Indian start-ups

The start-ups growth and distribution is not uniform in India. The start-ups are dominated in regions where start-up ecosystem is well developed so in India to promote the start-ups government should emphasis on developing the start-ups ecosystem through providing financial facilities including non-banking financial cooperation and promotion the private investor and investing in research and development so many real time problem start-ups facing could be solved immediately.

Answer of frequently asked questions on start-up:

❖ I have idea but how to start and when to start?

1. Before starting new business Collect comprehensive information and analyses idea
2. Conduct market research to identify customers (Demand nature and volume)
3. Shape idea into product or service based on customers need
4. Conduct multiple test of product and service at unit level to access performance
5. Entre into market with final tested product

❖ How to grow and establish in dynamic market?

- To stabilize in market requires generate customers confidence and value in product so:
 1. Identify and analyze the reason of not generating customer base
 2. Refine the product based on customer value

3. Develop marketing strategy and customer networking

❖ **What should a co-founder do when start-up has get product market fit?**

1. Identify the potential of market
2. Expand the business with high investment
3. Go for diversification if core-business has been established with significant growth rate

❖ **What to under financial constraints?**

1. At initial stage it's better to come in market with basic product and generate customers Belief
2. If market is dispersed and intense then better to go for high investment & search for funding
3. If market have gestation period based on customers habit then it's better not to go for searching funding till early traction stage
4. Investors generally prefer to invest when they found that start-up will generate high growth rate and revenue in upcoming years

Reference

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