



Economics of Agri-Startups in India

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Agriculture plays a crucial role in the Indian economy. It contributes significantly to employment and food security. However, traditional agricultural practices face many challenges such as low productivity, price fluctuations, and inefficient supply chains. In recent years, agri-startups have emerged as innovative solutions to improve efficiency, profitability, and sustainability in the agricultural sector. These startups use technology, data analytics, and modern business models to transform Indian agriculture.

What is Agri-Startups?

Agri-startups are entrepreneurial ventures that provide innovative products, services, or technologies to improve agricultural production, processing, distribution, and marketing. They aim to solve problems faced by farmers such as access to inputs, market information, financial services, and post-harvest management.

Examples include startups working in:

- Precision farming
- Farm mechanization
- Supply chain management
- Agri-fintech and credit services
- Organic farming and sustainable agriculture

Economic Importance of Agri-Startups:

Agri-startups contribute to the Indian economy in several ways:

1. Increasing Farmer Income

Startups provide farmers with better seeds, fertilizers, and technology, which increases crop productivity and income.

Year	Avg Farmer Income (₹/month)	Growth Trend
2021–22	14,500 (approx.)	—
2022–23	15,800 (estimated)	↑ ~8–9%
2023–24	17,200 (estimated)	↑ ~8–9%

Sources

- NABARD NAFIS (National Financial Inclusion Survey)
- Andhra Pradesh Economic Survey reports
- Ministry of Agriculture & Farmers Welfare (trend data)
- Research-based projections (income growth trends in agri sector)

2. Employment Generation

Agri-startups create job opportunities in rural and urban areas in fields like logistics, marketing, technology, and farm management.

Year	Employment Generated (Persondays)	Households Employed	Growth Trend
2023–24	~28.5 crore (approx.)	~42.79 lakh	—
2024–25	~25.1 crore	~41 lakh (approx.)	↓ -11.8%
2025–26	~21.7 crore (est.)	~40.74 lakh	↓ -13.6%

Sources

- MGNREGA MIS (Ministry of Rural Development, Govt. of India)
- LibTech India Reports
- MGNREGA Tracker Reports
- The New Indian Express (data-based reporting)

3. Improving Supply Chain Efficiency

They reduce intermediaries and connect farmers directly with markets, improving price realization.

Year	Key Indicator	Data / Achievement	Impact on Supply Chain
2023–24	Cold storage & infrastructure expansion	~350+ cold storages operational	Reduced post-harvest losses, better storage
2024–25	Food Processing Policy (2024–29) launched	₹30,000 crore investment target; 3 lakh jobs	Strengthened cold chain & value addition
2025–26	Procurement & logistics efficiency	~30% increase in paddy procurement; payments within 24 hrs	Faster farmer payments, reduced delays

Sources

- Andhra Pradesh Food Processing Policy 2024–29
- Indiatat / AP Government official data
- Ministry of Food Processing Industries (MoFPI)
- News reports (The Times of India, govt releases)

4. Encouraging Investment

Agri-startups attract investments from venture capitalists, government programs, and private companies.

5. Promoting Innovation

Use of digital platforms, AI, IoT, and drones helps improve agricultural productivity and sustainability.

Government Support for Agri-Startups

The Indian government promotes agri-entrepreneurship through several schemes:

- Startup India Initiative – provides funding and incubation support.
- Agri-Clinics and Agri-Business Centres (ACABC) – promotes agribusiness ventures.
- Rashtriya Krishi Vikas Yojana (RKVY-RAFTAAR) – supports innovation and agribusiness incubation.
- Digital Agriculture Mission – promotes digital technology in farming.
- These programs help startups obtain financial assistance, training, and mentorship.

Challenges Faced by Agri-Startups:

Despite growth, agri-startups face several challenges:

- Limited access to capital and funding
- Poor rural infrastructure
- Low adoption of technology by farmers
- Market uncertainties and price volatility

- Lack of awareness among farmers about startup services

Opportunities for Growth

India offers huge potential for agri-startups due to:

- Large agricultural population
- Increasing demand for food and organic products
- Growth of digital agriculture and e-commerce platforms
- Government support for innovation in agriculture
- These factors create a favorable environment for new agribusiness ventures.

Conclusion

Agri-startups are playing a significant role in transforming Indian agriculture by introducing innovation, improving supply chains, and increasing farmer income. With proper government support, investment, and adoption of technology, agri-startups can contribute greatly to sustainable agricultural development and economic growth.

References

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