



NEW INDUSTRIAL POLICY AND ITS IMPACT ON AGRI-BUSINESS IN INDIA

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ABSTRACT

India's new industrial policy, announced in 2020, aims to boost manufacturing and increase the country's competitiveness in the global market. While the policy has the potential to create new opportunities for various sectors, including agriculture and agri-business, it also poses some challenges that need to be addressed. The policy focuses on increasing the share of manufacturing in India's GDP, promoting domestic production and exports, and attracting foreign investment. To achieve these goals, the government has announced several measures, such as providing financial incentives to companies, improving infrastructure, and easing regulatory compliance. In the context of agri-business, the new policy has the potential to boost food processing and value addition, create new job opportunities, and increase exports of agricultural products. However, it also raises concerns about the impact of industrialization on agricultural land, water resources, and rural livelihoods.

INTRODUCTION

India's new industrial policy, which was announced in 2020, aims to transform the country's manufacturing sector and increase its global competitiveness. The policy has several objectives, including increasing the share of manufacturing in India's GDP, promoting domestic production and exports, and attracting foreign investment. The government has announced a range of measures to achieve these goals, such as providing financial incentives to companies, improving infrastructure, and easing regulatory compliance.

The new industrial policy presents both opportunities and challenges for various sectors, including agriculture and agri-business. Agri-business is an important contributor to India's



economy, accounting for a significant share of employment and GDP. The sector includes a range of activities, such as farming, food processing, and marketing, and is closely linked to the livelihoods of millions of rural households.

One potential benefit of the new industrial policy for agri-business is that it could boost food processing and value addition. Food processing is a critical link between agriculture and industry, and has the potential to generate significant employment and income opportunities. The policy's emphasis on promoting domestic production and exports could also lead to increased demand for agricultural products, which could benefit farmers and agri-businesses.

Another potential benefit of the new industrial policy for agri-business is that it could create new job opportunities. The policy's focus on manufacturing could lead to the development of new industries and sectors that are closely linked to agriculture, such as agro-processing, packaging, and logistics. This could create new employment opportunities in rural areas, where job opportunities are often limited.

However, the new industrial policy also raises concerns about the impact of industrialization on agricultural land, water resources, and rural livelihoods. The policy's emphasis on manufacturing could lead to the conversion of agricultural land into industrial land, which could have negative consequences for food security and rural livelihoods. The policy could also lead to increased water consumption and pollution, which could further exacerbate existing water scarcity and pollution problems.(Gopalakrishnan, R,2004).

To address these concerns, the government needs to ensure that the new industrial policy is implemented in a way that is environmentally sustainable, socially inclusive, and economically beneficial for all stakeholders, including farmers, small-scale agri-businesses, and rural communities. This will require a coordinated effort by various government departments and stakeholders, as well as a strong regulatory framework that ensures compliance with environmental and social standards.

One way to ensure that the new industrial policy is environmentally sustainable is to encourage the development of green industries that use renewable energy and minimize waste and



pollution. The government could also promote sustainable agriculture practices, such as conservation agriculture and organic farming that reduce the use of water and chemical inputs and increase the resilience of rural communities to climate change.

To ensure that the new industrial policy is socially inclusive, the government needs to ensure that it benefits all stakeholders, including small-scale farmers and agri-businesses. This could be achieved through measures such as providing access to credit, technical assistance, and marketing support, as well as ensuring that the benefits of industrialization are shared more broadly across society. To ensure that the new industrial policy is economically beneficial for all stakeholders, the government needs to promote inclusive growth and job creation in rural areas. This could be achieved through measures such as promoting entrepreneurship and innovation, investing in rural infrastructure, and developing value chains that link farmers to markets and industries.

NEED OF THE STUDY

The study of the impact of the new industrial policy on agri-business in India is important for several reasons. First, agri-business is an important sector of the Indian economy, and any changes in industrial policy are likely to have a significant impact on the sector. Second, the new industrial policy has the potential to create new opportunities for agri-business, but also poses several challenges, particularly in terms of land use, water resources, and rural livelihoods. Understanding the implications of the policy for agri-business is therefore crucial for policymakers, agri-businesses, and other stakeholders.

The study is important in the context of the broader debates about the role of agriculture in India's development. Agriculture has been the backbone of the Indian economy for centuries, and continues to provide livelihoods to millions of people. However, the sector faces several challenges, including low productivity, inadequate infrastructure, and climate change. The new industrial policy has the potential to address some of these challenges, but also raises concerns about the future of agriculture and rural livelihoods. (Kumar, S, 2007).



LITERATURE REVIEW

Patel, A. (2015).The agri-business industry in India is facing several emerging issues that are affecting its growth and development. These issues include climate change, sustainability, technology adoption, market access, and policy and regulatory frameworks. Climate change is affecting crop yields and water availability, leading to reduced productivity and income for farmers. Sustainability is becoming increasingly important for consumers, and agri-businesses need to adopt sustainable practices to remain competitive in the market. Technology adoption is crucial for increasing productivity and efficiency, but small-scale agri-businesses often lack the resources and knowledge to adopt new technologies. Market access is limited for small-scale agri-businesses, as they often face barriers to entry and lack access to credit and marketing support. Policy and regulatory frameworks are also affecting the agri-business industry, as outdated policies and regulations limit the potential for growth and development.

Hans, V. (2008).Agri-business and rural management in India are facing several issues and challenges that need to be addressed to promote sustainable development and economic growth in rural areas. These issues include low productivity, inadequate infrastructure, limited access to credit and marketing support, and fragmented land holdings. Low productivity is a result of several factors, such as inadequate irrigation facilities, low adoption of modern technologies, and fragmented land holdings. Inadequate infrastructure, such as storage facilities, transport networks, and marketing channels, also limits the potential of the agri-business sector. Limited access to credit and marketing support, particularly for small-scale agri-businesses, further exacerbates the challenges faced by the sector. Fragmented land holdings reduce economies of scale and limit the adoption of modern technologies. To address these issues and challenges, the government and agri-businesses need to adopt a comprehensive and integrated approach that promotes sustainable agriculture practices, improves infrastructure, provides access to credit and marketing support, and promotes consolidation of land holdings.

Gupta, R., & Sharma, P. K. (2018).E-commerce has emerged as a powerful tool for promoting agri-business in India, providing farmers and agri-businesses with new opportunities for marketing and distribution of their products. E-commerce platforms offer several



advantages, including reduced transaction costs, improved market access, and increased transparency in pricing and quality. The scope of e-commerce in agri-business is vast, covering a range of activities, such as online marketplaces for agricultural products, supply chain management solutions, and mobile-based services for farmers. Despite the potential benefits of e-commerce, the sector faces several challenges, including limited access to technology and digital literacy among farmers, inadequate infrastructure, and regulatory barriers. To fully realize the potential of e-commerce in agri-business, it is crucial to address these challenges and promote an enabling environment that encourages the adoption of new technologies and innovation.

Kumar, S. (2007). Commercial goat farming is emerging as a profitable agri-business opportunity in India, as it requires relatively low investment and offers high returns. Goat farming is a low-risk enterprise, as goats are adaptable to different environmental conditions and have a high reproductive rate. The demand for goat meat and milk is also increasing in India, creating a lucrative market for commercial goat farming. Commercial goat farming can also provide livelihood opportunities for small-scale farmers and contribute to rural development. However, the sector faces several challenges, such as inadequate knowledge and technical skills, limited access to credit and marketing support, and disease management. To overcome these challenges, it is important to promote capacity-building programs and training initiatives for farmers, provide access to credit and marketing support, and promote public-private partnerships in the sector. Disease management is also critical for the success of commercial goat farming, and it is important to promote best practices in animal health management and disease control.

Kumar, P. (2017). Agro-industry, agricultural marketing, entrepreneurship, agri-business, trade, and innovations are crucial components of the agricultural sector, contributing to the economic growth and development of countries. Agro-industry involves the processing and value addition of agricultural products, creating new job opportunities and increasing the income of farmers. Agricultural marketing refers to the distribution and sale of agricultural products, promoting market access and price transparency. Entrepreneurship in agri-business involves the creation of new ventures and opportunities in the sector, promoting innovation and



economic development. Trade in agricultural products is essential for promoting market access and creating new opportunities for farmers and agri-businesses.

AGRI-BUSINESS IN INDIA

Agri-business is an important sector of the Indian economy, accounting for a significant share of employment and GDP. The sector includes a range of activities, such as farming, food processing, and marketing, and is closely linked to the livelihoods of millions of rural households.(Patel, A,2015).

Agriculture is the primary source of livelihood for about 58% of India's population, and contributes about 16% of the country's GDP. India is the second-largest producer of agricultural products in the world, after China, and has a diverse agricultural base, with a wide range of crops and livestock. The major crops grown in India include rice, wheat, pulses, oilseeds, cotton, and sugarcane.

Agri-business in India faces several challenges, including low productivity, inadequate infrastructure, and climate change. Low productivity is a result of several factors, such as inadequate irrigation facilities, low adoption of modern technologies, and fragmented land holdings. Inadequate infrastructure, such as storage facilities, transport networks, and marketing channels, also limits the potential of the sector.

Climate change is a significant threat to agri-business in India, as it affects crop yields, water availability, and soil fertility. The Indian government has launched several initiatives to address these challenges, such as the Pradhan Mantri Fasal Bima Yojana, which provides crop insurance to farmers, and the Pradhan Mantri Krishi Sinchai Yojana, which aims to improve irrigation facilities.

Despite these challenges, agri-business in India has significant potential for growth and development. The sector is a major source of employment and income, particularly in rural areas, and has the potential to contribute significantly to the country's food security and economic development.



To unlock this potential, the Indian government has launched several initiatives to promote agri-business, such as the Pradhan Mantri KisanSampada Yojana, which aims to develop the food processing industry, and the National Agricultural Market, which aims to create a unified market for agricultural products. The government has also announced several measures to improve infrastructure, such as the development of rural roads, irrigation facilities, and cold storage facilities.

NATURE AND SCOPE OF AGRI-BUSINESS

Agri-business refers to the business activities that are involved in the production, processing, marketing, and distribution of agricultural products and services. It is a broad term that encompasses a range of activities, including farming, food processing, marketing, and distribution, as well as inputs such as seeds, fertilizers, and pesticides.

The scope of agri-business is vast, as it covers a range of products and services that are essential for the functioning of the agriculture sector. The major activities involved in agri-business include:

Farming: This includes the cultivation of crops, horticulture, and animal husbandry.

Food Processing: This includes the transformation of agricultural products into value-added products such as processed foods, beverages, and animal feed.

Marketing: This involves the distribution and sale of agricultural products through various channels such as wholesale markets, retail outlets, and online platforms.

Inputs: This includes the supply of inputs such as seeds, fertilizers, pesticides, and machinery.

Services: This includes a range of services such as research and development, extension services, and technical assistance.

Agri-business is an important sector of the economy, particularly in developing countries, where agriculture is a major source of employment and income. It plays a crucial role in the



food security and economic development of these countries. Agri-business is also important for the sustainable management of natural resources, such as land, water, and biodiversity.

The nature of agri-business is diverse and dynamic, as it is influenced by several factors, such as technological advancements, market trends, and government policies. For example, advancements in biotechnology have led to the development of new crop varieties that are more resistant to pests and diseases. Changes in market trends, such as the increasing demand for organic and natural products, have led to the growth of niche markets for agri-business. Government policies, such as subsidies and incentives, can also have a significant impact on the growth and development of agri-business.

Agri-business is a vital sector that encompasses a range of activities involved in the production, processing, marketing, and distribution of agricultural products and services. The scope of agri-business is vast and is influenced by several factors, such as technological advancements, market trends, and government policies. Agri-business plays a crucial role in the food security and economic development of countries, particularly in developing countries where agriculture is a major source of employment and income.(Hans, V,2008).

Suggestions and Policy Implications

Based on the discussions above, the following are some suggestions and policy implications for the new industrial policy and its impact on agri-business in India:

Promote sustainable agriculture practices: The government should promote sustainable agriculture practices, such as conservation agriculture and organic farming, that reduce the use of water and chemical inputs and increase the resilience of rural communities to climate change. This could be achieved through financial incentives, technical assistance, and capacity-building programs.

Consolidate land holdings: The government should promote consolidation of land holdings through measures such as land leasing and land pooling. This could increase the adoption of modern technologies and reduce fragmentation, leading to increased productivity and income for farmers.



Improve infrastructure: The government should improve infrastructure, such as rural roads, irrigation facilities, and cold storage facilities, to enhance the value chain and reduce post-harvest losses.

Ensure inclusive growth: The government should ensure that the benefits of industrialization and agri-business are shared more broadly across society, including small-scale farmers and agri-businesses. This could be achieved through measures such as providing access to credit, technical assistance, and marketing support.

Promote public-private partnerships: The government should promote public-private partnerships in the agri-business sector to enhance efficiency and promote innovation.

Ensure environmental sustainability: The government should ensure that the new industrial policy is implemented in a way that is environmentally sustainable, by promoting the development of green industries that use renewable energy and minimize waste and pollution.

Encourage innovation: The government should encourage innovation and entrepreneurship in agri-business, by providing funding and support for research and development, and promoting the use of new technologies.

The new industrial policy presents both opportunities and challenges for agri-business in India. To fully realize the potential of the policy, the government needs to adopt a comprehensive and integrated approach that addresses the challenges facing the sector and promotes inclusive growth and sustainable development. The above suggestions and policy implications could help in achieving these goals. (Gupta, R., & Sharma, P. K., 2018).

METHODOLOGY

The research design for a study on the impact of the new industrial policy on agri-business in India could include the following elements:

Research Questions: Clearly define the research questions, such as "What is the impact of the new industrial policy on the agri-business sector in India?" and "How can the policy environment be improved to support the growth and competitiveness of agri-businesses?"

Sampling Strategy: Develop a sampling strategy to identify the appropriate sample size and composition for the study, such as selecting specific regions, industries, or size categories of agri-businesses to focus on.

Data Collection Methods: Identify the appropriate data collection methods, such as surveys, interviews, case studies, and secondary data analysis, to collect both quantitative and qualitative data.

Data Analysis Methods: Determine the appropriate data analysis methods, such as regression analysis, factor analysis, and case study analysis, to analyze the data collected.

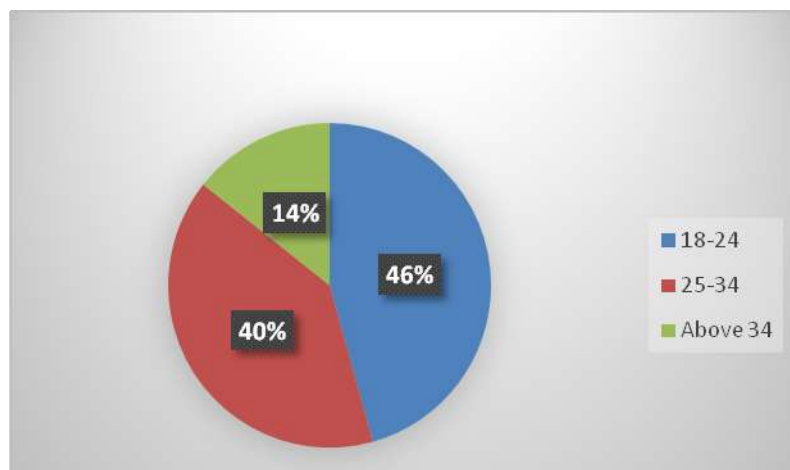
RESULTS AND DISCUSSION

What is your age?

18-24

25-34

Above 34



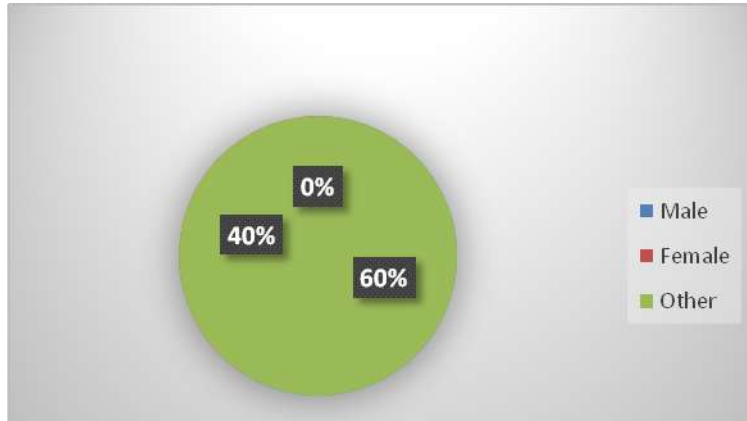
There were 32 respondents who fell within the age range of 18-24, 28 respondents who fell within the age range of 25-34, and 10 respondents who were above the age of 34.

What is your gender?

Male

Female

Other



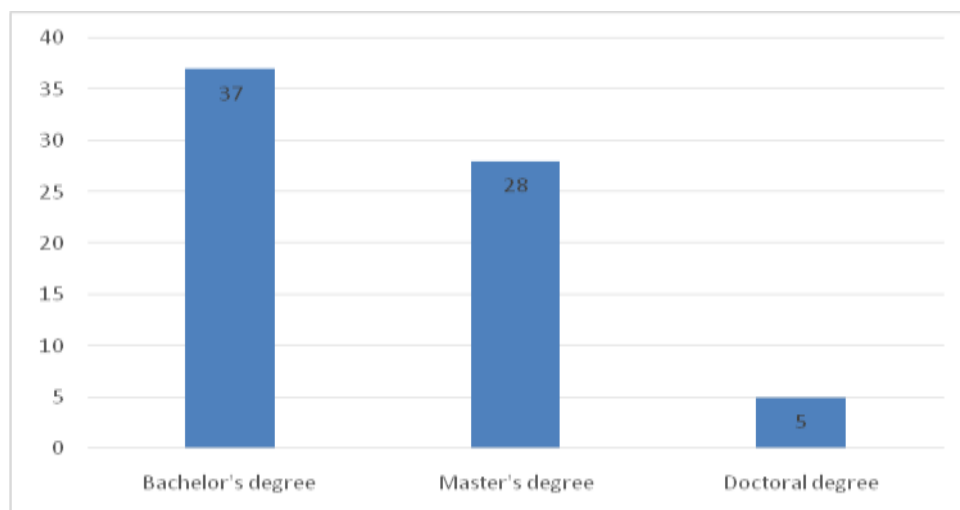
The gender breakdown of a group of 70 individuals. Specifically, there were 42 male individuals, 28 female individuals, and 0 individuals who identified as "Other."

What is your educational qualification?

Bachelor's degree

Master's degree

Doctoral degree

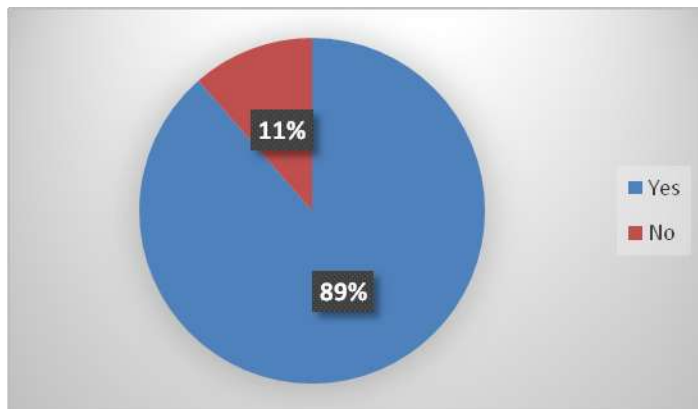


Specifically, there were 37 individuals who held a Bachelor's degree, 28 individuals who held a Master's degree, and 5 individuals who held a Doctoral degree.

Are you involved in agri-business in any capacity?

Yes

No



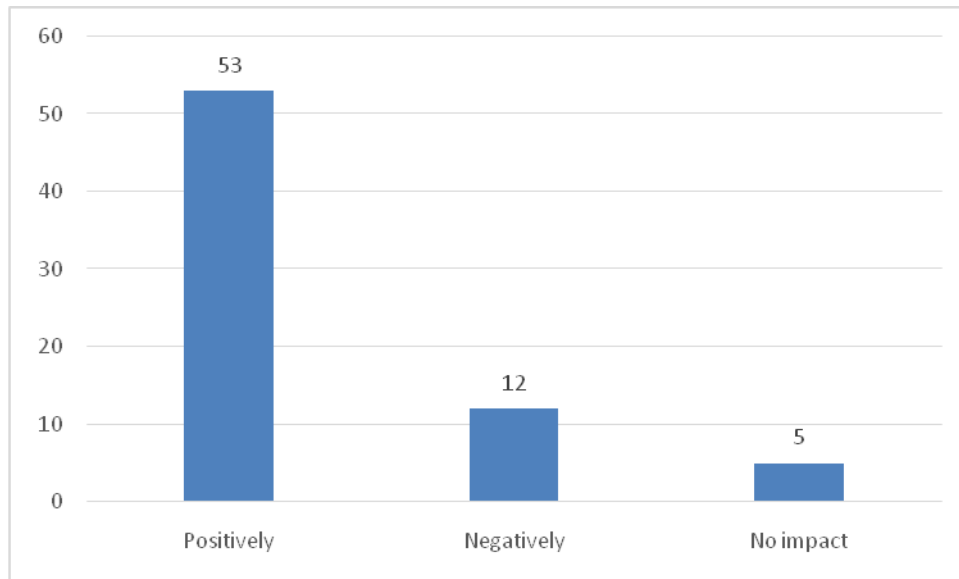
Represent the responses to a yes/no question from a group of individuals. Specifically, there were 62 individuals who responded "yes" and 8 individuals who responded "no."

How do you think the new industrial policy will impact agri-business in India?

Positively

Negatively

No impact



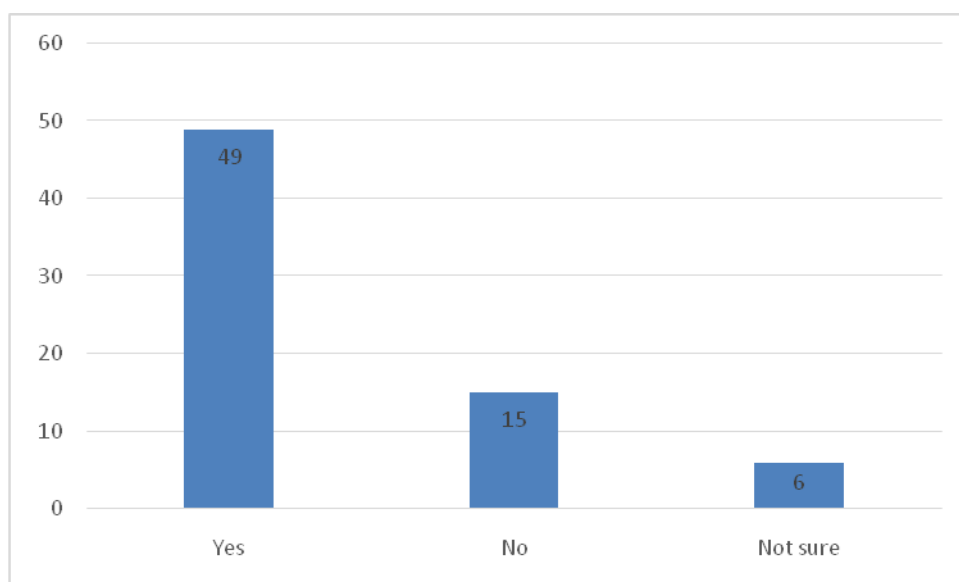
There were 53 individuals who perceived the impact of the factor as positive, 12 individuals who perceived it as negative, and 5 individuals who perceived no impact.

Do you think e-commerce can play a significant role in promoting agri-business in India?

Yes

No

Not sure





The responses to a yes/no/maybe question from a group of individuals. Specifically, there were 49 individuals who responded "yes", 15 individuals who responded "no", and 6 individuals who responded "not sure."

CONCLUSION

The new industrial policy in India has the potential to create new opportunities for agri-business, such as boosting food processing and creating new job opportunities. However, the policy also raises concerns about the impact of industrialization on agricultural land, water resources, and rural livelihoods. It is crucial that the policy is implemented in a way that is environmentally sustainable, socially inclusive, and economically beneficial for all stakeholders, including farmers, small-scale agri-businesses, and rural communities.

To fully realize the potential of the new industrial policy for agri-business, it is important to address the challenges facing the sector, such as the fragmentation of land holdings and inadequate infrastructure. The government needs to ensure that small-scale agri-businesses have access to credit, marketing support, and technical assistance, and promote public-private partnerships in the sector. The government also needs to promote sustainable agriculture practices, such as conservation agriculture and organic farming that reduce the use of water and chemical inputs and increase the resilience of rural communities to climate change. In conclusion, the impact of the new industrial policy on agri-business in India is complex and multifaceted. The policy has the potential to create new opportunities for the sector, but also poses several challenges that need to be addressed. To ensure that the policy benefits all stakeholders and promotes sustainable development, it is crucial that the government adopts a comprehensive and integrated approach that addresses the challenges facing agri-business and promotes inclusive growth and job creation in rural areas.



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