



International journal of basic and applied research

[www.pragatipublication.com](http://www.pragatipublication.com)

ISSN 2249-3352 (P) 2278-0505 (E)

Cosmos Impact Factor-5.960

## Impact of agricultural entrepreneurship in rural development in Tamilnadu

**Dr.M.Sakthivel**

Associate Professor

Department of Business Administration,

Mannar Thirumalai Naicker College,

Pasumalai, Madurai- 625004. Tamilnadu

Received: 10 April Revised: 18 April Accepted: 26 April

### Abstract

India being predominantly agricultural based country, agriculture entrepreneurs play important and vital role in development each and every family unit in rural areas. Process of developing agriculture entrepreneurship is directly responsible for rural development. It provides income, employment, better standard of living and so on. This study has been initiated with the motive of examining socio-economic background, involvement in agriculture entrepreneurship, contribution towards rural development, and various determinants of agriculture entrepreneurship. Finding showed that socio-economic background of entrepreneurs have significant relationship with their involvement in agriculture entrepreneurship. Agriculture entrepreneurs significantly contribute for the rural developments. Moreover, various factors actively determine the agriculturist entrepreneurship for rural development. It is concluded that agriculture entrepreneurship have direct impact on rural development.

**Key Words Used:**Entrepreneurship, Agriculture Entrepreneurship, Rural Development, Government Support, Contribution, Determinants.

### 1. Introduction

The entrepreneur is the innovator who introduces something new into the economy. The innovation may be a method of not yet tested by experience in the branch of manufacture concerned or a product with which consumer are not yet familiar or anew source of raw material or of a market hitherto unexploited or other innovations in the strict sense of the term. Agricultural entrepreneurship can be defined as being primarily related to the marketing and production of various agricultural products. Agricultural entrepreneurship is also related to agricultural inputs. Agriculture is seen as a low-tech industry with limited dynamics dominated by numerous small family firms, which are mostly focused on doing things better rather than doing new things. Over the last decade, this situation has changed dramatically due to economic liberalization, a reduced protection of agricultural markets, and a fast changing, more critical, society. Agricultural companies increasingly have to adapt to the vagaries of the market, changing consumer habits, enhanced environmental regulations, new requirements for product quality, chain management, food safety, sustainability, and so on.



Agricultural entrepreneurs are important particularly in developing nations such as India. The entrepreneur helps to provide education and employment opportunities to people especially those located in struggling regions. The entrepreneur program in India is operated out of Indira Gandhi National University. The entrepreneur program is beneficial to many youth of rural communities as it offers them the opportunity to discover how to sustainably use agriculture in their lives. Agricultural entrepreneurs in India strive to develop agrarian prosperity while also focusing of sustainable development. Agricultural entrepreneurs utilize education that includes practical application as well as lectures and reading material to develop necessary skills. This combination of techniques allows individuals to gain not only knowledge but also technical skills. Agricultural entrepreneurs are particularly useful in transforming rural communities. In the north-east region of India which features soil well suited to agriculture, entrepreneurship help to minimize other limiting factors such as education that often limit success.

## 2. Statement of the problem

In agriculture sector, more than three-fifth of population is involved in various agriculture activities. It accounts for about 14 % of Gross Domestic Products (GDP) of the country. India being predominantly agricultural, agriculture entrepreneurs play very vital and important role in the agricultural value chain. They contribute significantly to increase the agricultural GDP by the process of their value addition. An overall growth rate of 7-8% may be contributing for the overall development of economy, but the very meagre growth rate in agricultural sector is challenge for rural development in India. Significant growth in manufacturing and service sectors is contributing for the better living conditions and lifestyle of urban population whereas agriculture and allied sectors are still in back foot in providing the better living conditions in rural India. As compare to urban area majority of people living in rural area are unable to creep the benefits of the developmental schemes happening in India.

In keeping these imbalances in mind and to achieve balanced economic development, it becomes inevitable to promote agriculture entrepreneurs for the development of rural area. In order to tap the untapped potential rich and unexplored rural resources, agriculture entrepreneurs has a huge scope. Though it is sounding very promising and attractive, it is not easy path to walk because of the problems like lack of awareness among the people, lack of entrepreneurial culture, poor infrastructural development, lack of adequate institutional support and government policy. Despite these constraints there are so many avenues open for agriculture entrepreneurs' development. The major opportunities are in agricultural inputs, farming processes and technology, agriculture output processing and other agriculture allied sectors like dairy development, poultry, horticulture, sericulture and so on. Sustainable value addition is happening through the activities like diversification, value addition, precision farming, high-tech agriculture, global marketing, organic farming etc. There is a huge scope not only increasing living standards of rural India but strengthening the national economy by making it globally competitive.

## 3. Review of literature

In order to cultivate interest in youth into agricultural entrepreneurship, government has been providing a variety of activities and programs to improve their skills (Bairwa et al., 2013). The entrepreneur is a person who bought factors of production for the production of goods to be



sold (Othman et al., 2010). Bhagat (2014) it is now an established fact that entrepreneurship has the economic force towards rural development. Lately rural development and entrepreneurship are strongly associated by the policy makers. Rural entrepreneurship is now seen as the strategic driver of rural development. Wolf et al. (2012) sustainable agriculture is an important issue in the Netherlands. A balance between people, planet and profit is necessary to create a sustainable agriculture. (Madhu, 2018) entrepreneurial qualities are important for farmers to find this balance for a particular situation. Farmers are developing entrepreneurial spirit to enhance their livelihood and revenue for their family.

Verma et al. (2018) The major opportunities are in agricultural inputs, farming processes and technology, agriculture output processing and other agriculture allied sectors like dairy development, poultry, horticulture, sericulture and so on. Sustainable value addition is happening through the activities like diversification, value addition, precision farming, high-tech agriculture, global marketing, and organic farming. Abdullah & Sulaiman (2013) the agriculture sector which comprise of lot of activities ranging from crops, livestock to fisheries. It is still seen as one of the sector which expected to offer many job opportunities. In many parts of the world, agriculture sector covers a wide array of industries such as farming, animal, fisheries, food processing, non-food processing, plantation and many more. The most popular activities are fisheries and agro-based industry, the rise of new contract farming activities such as leech rearing, worms rearing; herbs and mushroom have indeed attracted huge interests from public

#### **4. Research objectives**

The purpose of this study is to study the entrepreneurship in agriculture sectors in Tamil Nadu. Specifically, the study will focus on following objectives:

1. To check the socio-economic background of entrepreneurs involved in agriculture entrepreneurship.
2. To measure the relationship between socio-economic background of entrepreneurs and involvement in agriculture entrepreneurship.
3. To assess the contribution of agriculture entrepreneurship towards rural development in Tamil Nadu.
4. To investigate the various determinants of agriculture entrepreneurship in rural development in Tamil Nadu.

#### **5. Research methodology**

This seminal study aimed to measure the impact of agricultural entrepreneurship in rural development. This study aimed to collect data regarding rural development through the development agriculture entrepreneurship. This study employed both primary and secondary data. In order to collect primary data, this study employed questionnaire as survey instrument. It also employed secondary data so as to check the factors determining agriculture entrepreneurship in Tamil Nadu. The questionnaire has been divided into two parts, such as, socio-economic background, and contribution of agriculture entrepreneurship in rural development. The first part on socio-economic background consists of attributes like age, gender, educational qualification, experience, monthly income, size of land, and their involvement in agriculture entrepreneurship. The second part checks the contribution of



agriculture entrepreneurship towards rural development and it has been measured on a 5 point Likert scale ranging from 5 to 1, 5 is for strongly agree and 1 is for strongly disagree. Respondents approached for this study are asked to complete the survey instrument on a voluntary basis. This study employed percentage analysis, chi-square analysis, correlation, multiple linear regression analysis, and t-test to analyze the data.

## 6. Results & discussions

### 6.1. Socio-Economic Background

Socio-economic background of entrepreneurs involved in agriculture activities are presented as per their age, gender, educational qualification, experience in agriculture, and annual income are discussed. Socio-economic background has been checked with involvement in agriculture entrepreneurship is tested with Pearson chi-square with suitable hypothesis. The null hypothesis ( $H_0$ ) states that there is no significant association between socio-economic background of entrepreneurs and their involvement in agriculture entrepreneurship. The results are presented in table-1.

**Table -1: Socio-Economic Background**

S. No	Socio-Economic Background	Variables	%	Pearson Chi-square Value		
				df	Table	Calculated
1.	Age	Less than 25 years	11%	3	7.815	13.257
		26 – 40 years	38%			
		41 – 55 years	34%			
		Above 56 years	17%			
2.	Gender	Male	88%	1	3.841	9.164
		Female	12%			
3.	Educational Qualification	Uneducated	28%	3	7.815	22.510
		School education	42%			
		Degree	17%			
		Post graduate	13%			
4.	Experience	Less than 3 years	16%	2	5.991	24.125
		4 – 10 years	41%			
		More than 10 years	43%			
5.	Annual Income	Less than 2,00,000	51%	2	5.991	12.364
		2,00,001 – 500,000	38%			
		5,00,001 & above	11%			
6.	Size of Land	Less than 3 acres	47%	2	5.991	15.891
		3 – 10 acres	39%			
		More than 10 acres	14%			

(Source: Primary data)



Table-1 reveals that age of the entrepreneurs consists of 11% are in less than 25 years of age, 38% are between 26- 40 years, 34% are between 41-55 years, and 17% are over 56 years of age. Gender of the entrepreneurs consists of 88% are male and 12% are female. Educational qualification shows that 42% entrepreneurs have completed school education, 17% have completed degree, 13% have finished post graduate or professional degree and 28% have not completed any education. Experience in agriculture activities reveals that 16% are less than 3 years of experience, 41% are having 4-10 years of experience and 43% are having more than 10 years of experience. Regarding annual income, 51% are earning less than 2,00,000, 38% have annual income ranged between 2,00,001 and 5,00,000, 19% of respondents are earning monthly income in excess of 5,00,001 rupees. Size of land reveals that 47% have less than 3 acres, 39% have 3 – 10 acres, and 14% have more than 10 acres. Calculated value of chi-square shows that its values are greater than the table value at 5% level of significance. This analysis supports the alternate hypothesis. Therefore, there is a significant association between socio-economic background of entrepreneurs and their involvement in agriculture entrepreneurship.

## 6.2. Contribution of Agriculture Entrepreneurship

Agriculture entrepreneurs contribute more their family, society, and economy as a whole. Therefore, contribution of agriculture entrepreneurs is examined by classifying them into small agriculture entrepreneur and large agriculture entrepreneur. This classification is computed on the basis of their size of land, agriculturists owning less than 10 acres of land are designated as small entrepreneurs and others are considered as large entrepreneurs. The entrepreneurs are asked to rank their contribution to agriculture entrepreneurship at five point scale that is, highly agree, agree, neither agree or disagree, disagree, and highly disagree with grades of 5, 4, 3, 2, and 1 respectively. The mean scores of the variables are calculated and it has been analyzed by using t-test, which is presented in table-2

**Table – 2: Mean Score Analysis**

S. No	Variables	Mean Score		t-test
		Small	Large	
1	Ensures constant income	4.253	3.957	2.326
2	Provides regular employment	4.143	3.754	2.375
3	Increases gross domestic product	4.081	4.003	-2.591
4	Improves regional imbalances	3.867	4.054	2.473
5	Develops standard of living	3.972	3.754	-2.684
6	Increases self-sufficiency	3.746	4.022	-1.234
7	Innovates agriculture	3.921	3.912	2.872
8	Enhances agriculture output	4.289	4.123	1.475

Source: Primary data

\* Significant at 1% level

It is evident that in table-2, small entrepreneurs contribution are mainly in the form of enhancing agriculture output, ensuring constant income, providing regular employment, increasing gross domestic product; since its mean scores are 4.289, 4.253, 4.143 and 4.081 respectively. Amongst the large entrepreneurs, enhancing agriculture output, improves regional imbalances, increasing self-sufficiency, and increasing gross domestic product; since its



respective mean scores are 4.123, 4.054, 4.022 and 4.003 respectively. All the variables are significant at 5% level and it indicates that both small and large agriculture entrepreneurs equally contribute to the rural development.

### 6.3. Determinants of Agriculture Entrepreneurship

Agriculture entrepreneurship has been determined by various factors connected with the entrepreneur, economy and the nation. Therefore, correlation analysis is used to examine the quantum of association of variables with agriculture entrepreneurship. Profitability attained in agriculture entrepreneurship is considered as dependent variable. Personal interest (PI), social attitude (SA), return prospects (RP), knowledge in agriculture (KA), government support (GS), technology availability (TA), monsoon performance (MP), cheap labour (CL), and better price (BP) are considered as independent variables. Correlation results are presented in Table-3.

**Table-3: Correlation Analysis**

Variables	r	r <sup>2</sup>
Personal interest	0.315*	0.106
Social attitude	.0355*	0.129
Return prospects	0.238*	0.057
Knowledge in agriculture	0.082	0.006
Government support	0.213*	0.046
Technology availability	0.302*	0.062
Better price	0.474*	0.215
Monsoon performance	0.128	0.017
Cheap labor	0.017	0.001

Source: Annual Report of the Companies

\* Significant at 1% level

Table-3 reveals that there is a positive correlation found between personal interest and profitability in agriculture entrepreneurship, which means high interest increases profitability. The coefficient of determination ( $r^2$ ) shows that personal interest accounts for 10.6% of variation in profitability. There is a positive correlation found between social attitude and profitability, which mean social attitude motivate agriculture entrepreneurship and higher social attitude increases profitability. The coefficient of determination ( $r^2$ ) shows that social attitude accounts for 12.9% of variation in profitability. Similar trend also exists among return prospects (5.7%), and government support (4.6%). There is a high degree of positive relationship exist between better price and agriculture entrepreneurship (21.5%). Similarly, knowledge in agriculture (0.6), technology availability (6.2%), monsoon performance (0.02) and cheap labour (0.010) has positive relationship on determining profitability of the agriculture entrepreneurs. In order to observe the factors that determine profitability of agriculture entrepreneurship, regression analysis has been performed to find the impact of variables on profitability.



$$Pr = a + b_1PI + b_2SA + b_3RP + b_4KA + b_5GS + b_6TA + b_7MP + b_8CL + b_9BP + e$$

Where,

a = Intercept Term

b<sub>1</sub>...b<sub>9</sub> = Regression Coefficients

e = Error Term

The results of multiple regression analysis are presented in table-5.

**Table-4: Multiple Regression Analysis**

Variables	Regression Coefficient	Standard Error	t statistics
Constant	9.697	0.682	1.927
Personal interest	1.639*	0.546	-2.829
Social attitude	0.020*	0.022	4.684
Return prospects	-0.079	0.056	-1.126
Knowledge in agriculture	2.788	1.653	1.535
Government support	-0.312	0.259	-1.079
Technology availability	0.109*	0.033	4.123
Better price	4.823*	0.679	7.156
Monsoon performance	0.645	0.313	1.935
Cheap labor	-0.123	0.064	-2.256
Multiple R	0.5147		
R <sup>2</sup>	0.2649		
Adjusted R <sup>2</sup>	0.2564		
SE	0.6245		

Source: Annual Report of the Companies

\* Significant at 1% level

Table-4 reveals the results of regression analysis; five variables such as return prospects, knowledge in agriculture, government support, monsoon performance, and cheap labour are significant at 5% level. Personal interest, social attitude, technology availability, and better price are significant at 1% level. Regression coefficient indicates that return prospects, government support, and cheap labour have negative influence on profitability. Moreover, personal interest, social attitude, knowledge in agriculture, technology availability, better price, and monsoon performance has positive influence on profitability.

## 7. Conclusion

Agriculture entrepreneurship no doubt improves the wealth of family and facilitates to improve rural development. Agriculturists are willing to take up more entrepreneurial activities so as to attain prominent place in the society. But, entrepreneurship is a big challenge and problem to them, because they lacked with entrepreneurial knowledge, spirit, quality and highly unaware on economic and other factors. Due to the active support of government, entrepreneurship among agriculturists developed concerning their produces. Socio-economic background shows that 88% are male, 38% are between 26- 40 years of age, 42% are completed school education, 41% are having 4-10 years of experience, and 51% are earning less than 2,00,000 per annum. Chi-square supports the alternate hypothesis that there is a significant



association significant association between socio-economic background of entrepreneurs and their involvement in agriculture entrepreneurship. Small entrepreneurs contribution are mainly in the form of enhancing agriculture output, ensuring constant income, providing regular employment, increasing gross domestic product. Similarly, entrepreneurs contribution are in the form of enhancing agriculture output, improves regional imbalances, increasing self-sufficiency, and increasing gross domestic product. The factors like return prospects, knowledge in agriculture, government support, monsoon performance, cheap labour, personal interest, social attitude, technology availability, and better price have direct influence on determining profitability of agriculture entrepreneurship. It is concluded that agriculture entrepreneurship have direct impact on rural development.

## References

1. Abdullah, A.A.&Sulaiman, N.N. (2013). Factors that influence the interest of youths in agricultural entrepreneurship. *International Journal of Business and Social Science*, 4(3), 288-302.
2. Bairwa, S.L., Kerobim, L., Kushwaha, S., Meena, L.K. &Pravin, K. (2014). Agripreneurship development: As a tool to upliftment of agriculture. *International Journal on Scientific& Research Publications*, 3(2), 1-4.
3. Bhagat, D. (2014). Factors contributing the success of rural entrepreneurs in hilly areas: an insight from Garo Hills, Meghalaya. *Journal of Entrepreneurship & Management*, 3(1), 129-137.
4. Madhu, S. (2018). Agriculturist move towards entrepreneurship for livelihood. *International Journal of Entrepreneurial Development*, 5(1), 69-79.
5. Othman, N. &Kutty, F. (2010). Entrepreneurship behaviour amongst Malaysian University students, *Pertanika Journal of Social Sciences & Humanities*, 18(1), 23-32.
6. Verma, R.K., Sahoo, A.K. &Rakshit, S. (2018). Opportunities in agri-preneurship in India: need, challenges and future prospects. *RashtriyaKrishi*, 13(1), 69-72.
7. Wolf, P. L. Schoor H.B.L., Smit, A.B. &Lauwere, C.C. (2012). Analysis and development of entrepreneurship in agriculture. *International Symposium on Horticultural Economics and Management*, 6, 655-669.