

1. AGRIBUSINESS

John H. Davis of Harvard University first used the term agribusiness in 1955. In 1980s it was given three connotations: (1) synonymous with term agriculture, (2) synonymous with agricultural economics and (3) a modified concept of agriculture, excluding farming, or the off-farm aspects of agriculture.

At present, agribusiness is defined as all business enterprises or sells to farmers / traders / consumers. The transaction may involve either an input or a produce or service and encompasses items such as:

- 1) Productive resources (feed, seed, fertilizer, equipment, energy, pesticides, machinery, etc.)
- 2) Agricultural commodities -(raw and processed commodities of food and fiber)
- 3) Facilitative services (credit, insurance, marketing, storage, processing, transportation, packing, distribution, consultancy, soil testing etc.).

Scope for Agribusiness in India

1. India is endowed with varied ago-climate, which facilitates production of temperate, sub-tropical and tropical agricultural commodities.
2. There is growing demand for agricultural inputs like feed and fodder, inorganic fertilizers, bio-fertilizers.
3. Biotechnology applications in agriculture have vast scope in production of seed, bio-control agents, industrial harnessing of microbes for bakery products.
4. Export can be harnessed as a source of economic growth. As a signatory of World Trade Organization, India has vast potential to improve its present position in the World trade of agricultural commodities both raw and processed form. The products line include cereals, pulses, oilseeds and oils, oil meal, spices and condiments, fruits and vegetables, flowers, medicinal plants and essential oils, agricultural advisory services, agricultural tools and implements, meat, milk and milk products, fish and fish products, ornamental fish, forest by products etc.
5. At present processing is done at primary level only and the rising standard of living expands opportunities for secondary and tertiary processing of agricultural commodities.
6. The vast coastal line and internal water courses provides enormous opportunity for production of marine and inland fish and ornamental fish culture gaining popularity with increase in aesthetic value among the citizens of India..
7. The livestock wealth gives enormous scope for production of meat, milk and milk products, poultry products etc
8. The forest resources can be utilized for production of by products of forestry.
9. Beekeeping and apiary can be taken up on large scale in India.
10. Mushroom production for domestic consumption and export can be enhanced with improvement in the state of art of their production.
11. Organic farming has highest potential in India as the pesticide and inorganic fertilizer application are less in India compared to industrial nations of the world. The farmers can be encouraged and educated to switch over for organic farming.
12. There is wide scope for production and promotion of bio-pesticides and bio-control agents for protection of crops.
13. Seeds, hybrid and genetically modified crops, have the highest potential in India in the future, since the productivity of high yielding varieties have reached a plateau.
14. Micro-irrigation systems and labor saving farm equipments have good potential for the years to come due to declining groundwater level and labor scarcity for agricultural operations like weeding, transplanting and harvesting.
15. Production of vegetables and flowers under green house conditions can be taken up to harness the export market.
16. Trained human resources in agriculture and allied sciences will take on agricultural extension system due to dwindling resources of state finance and down sizing the present government agricultural extension staff as consulting services.

17. The enhanced agricultural production throws open opportunities for employment in marketing, transport, cold storage and warehousing facilities, credit, insurance and logistic support services.

Types of Small Businesses

With the exception of Government, most of the small businesses can be classified as the following types

- 1) Production
- 2) Retailing
- 3) Distribution
- 4) Personal services
- 5) Professional services
- 6) Financial
- 7) Franchising

1. Production: This classification includes all types of production including agricultural production of crops and livestock, as well as forestry.

2. Distribution: This classification refers to those businesses, which do not make anything but which bring the goods and services to the consumer or user. This includes such activities as packaging, labeling, transporting, refrigerating, freezing, processing, storing, and performing any service necessary to prepare the goods or to provide the service to eventual consumer.

3. Retailing: Although often included as a phase of distribution, retailing is listed as a separate category because there are a large number of persons employed in retailing. Obviously it represents one of the best opportunities for the potential entrepreneur. Retailing is that stage of distribution, which deals with the consumers. Examples of retailers are grocers, self-service stores, florists, agricultural input retailing.

4. Personal services: The service business is those, which do not primarily supply goods to the public, but instead perform a service. Goods may be used to perform the service but they are of secondary importance. Examples of personal service are hotels, restaurants, agro-service centers.

5. Professional services: Some type of services, in order to protect the public, requires considerable training on the part of those offering the service. Usually that professional services must have a formal education and rigid examinations before receiving licenses to offer their services to the public. Examples of those offering services are investment brokers, insurance agents etc.

6. Financial: Financial businesses are usually service-oriented but since they deal primarily with the loaning or investing of money or the equivalents of money (stocks, bonds, property rights, etc) a separate category describes them best. Examples of financial services are commercial banks, insurance companies, thrift and loan societies etc.

7. Franchising: Franchising is a system for selectively distributing goods or services through outlets owned by the franchisee. Basically, a franchise is a patent or trademark, license, entitling the holder to market particular products or services under a brand name or trademark according to prearranged terms and conditions. The franchiser is the owner of his or her own business(the franchisee) is likely to be more diligent and strive harder for success than the hired manager of a company-owned outlet. Since franchising is form of selective distribution, the typical franchise agreement prohibits the franchisee from setting up competing outlets within the franchise area. Examples of franchise services are diet services, quick-service food-drive inns like fried chicken.

Forms of the Business Organizations

There are three basic forms of business organization methods: the sole proprietorship, the partnership, and the corporation. With only a few limited exceptions, any type of business venture can use any form of business organization. The factors that will affect the business form chosen are:

1. Ease of formation
2. Exposure to financial risk
3. Ability to raise capital
4. Tax treatment of income
5. Continuity of business upon the death of owner.

A comparison of the three forms of Business organization

FACTORS	SOLE PROPRIETORSHIP	PARTNERSHIP	CORPORATION
<i>Number of owners</i>	One	Two or more	One or more
<i>Ease of formation</i>	Very easy	Easy to very easy	Moderate to easy
<i>Degree of financial risk</i>	Owner is responsible for all debts	Partners share responsibility for debts	Owners have only limited responsibility for debts in name of company
<i>Ability to borrow funds</i>	Limited ability of owner to borrow	Improved ability to borrow due to multiple owners	Can borrow funds directly from public through shares and debentures
<i>Legal requirements</i>	None, except for possible declaration of name	Same as sole proprietorship; written contract between partners recommended	Charter must be secured from state
<i>How taxes are handled</i>	As part of owner's personal tax return	Profits are divided up among owners and are taxed on each partner's tax return	Pays own income tax
<i>Continuity of business</i>	Business is terminated at death of owner	Business may be terminated at death of any partner, unless provisions for continuation are made	Business continues after death of any stockholder

Entrepreneur

Many economic theories emphasize the significant role played by individual entrepreneurs as they combine talents, abilities and drive to transform resources into profitable undertakings. Joseph Schumpeter, was the first major writer to highlight the human agent in the process of economic development. He believed that the economy was propelled by the activities of persons who wanted to promote new goods and new methods of productions or to exploit a new source of materials or new market not merely for profit but also for the purpose of creating.

Likewise, Arthur W. Lewis contended that economic growth was bound to be slow unless there was an adequate supply of entrepreneurs looking out for new ideas, and willing to take the risk of introducing them.

The relation between self –sustained growth of an economy and entrepreneurship was further discussed by W.W. Rostow when he claimed that,, “ economic growth was the result of an interesting process involving the economic, social and political sectors of society, including emergence of corps of entrepreneurs who are psychologically motivated and technologically prepared regularly to lead the way in introducing new production functions in the economy” .

As it is, experts as have variously described the entrepreneur

- A person who innovates
- One who allocates and manages the factors of production and bears risk
- One who has ability to perceive latent economic opportunities and devise their exploitation
- An individual who conceives the ideas of business, design the organization of firms, accumulates capital, recruits labour, establishes relations with supplier, customers and the government and converts the conception into a functional organization.
- The supplier of resources, supervisor and coordinator and ultimate decision maker.

The Importance of Personality in Business

One of the most important assets of any business owner is a personality, which lends itself to the type of business chosen. There are many different kinds of business and innumerable types of personalities. An objective self-examination is therefore necessary for the discovery of personal strengths and weaknesses, especially as they relate to owning a particular type of business. In assessing one’s own personality, the following inventory should prove helpful. Potential business owners should question themselves on each of these items, noting those areas where improvement is most needed.

A. Physical Qualities

1. Appearance
2. General health
3. Endurance
4. Vision
5. Hearing

B. Mental Abilities

1. General intelligence
2. Knowledge of business
3. Speed of reaction
4. Memory
5. Creativeness
6. Initiative
7. Insight into character

C. Ethics

1. Honesty
2. Loyalty
3. Dependability
4. Perseverance

D .Social Qualities

1. Courtesy

2. Sympathy
3. Ability to work with others
4. Cheerfulness
5. Self-confidence
6. Adaptability
7. Enthusiasm

E. Executive Qualities

1. Ability to direct others
2. Ability to organize
3. Ability to make decisions
4. Ability to take responsibility
5. Ability to accept suggestions

Entrepreneurial Competencies

A competency is an underlying characteristic of a person, which results in effective and / or superior performance in a job. Competence is an underlying characteristic of a person, in that it may be motive/traits/skills or aspect of one's self-image or a body of knowledge which one uses. The existence of these characteristics may or may not be known to the person. In this sense, the characteristic may be unconscious aspect of the person. In simple terms a competence is a combination of a body of knowledge, skills and cluster of appropriate motives / traits and motives that an individual possesses to perform a given task effectively and efficiently. The fifteen identified entrepreneurial competencies are furnished below.

1. Initiative

Takes action that go beyond job requirements or the demand of the situation.

- Does things before being asked or forced to by events
- Acts to extend the business to new areas, products or services.

2. Seeing and acting on opportunities

Looks for and takes action on opportunities

- Sees and acts on opportunities (Business, educational or personal growth)
- Seizes unusual opportunities to obtain financing equipment, land work, space, or assistance.

3. Persistence

- Takes repeated or different actions to overcome obstacle
- Takes action in the face of a significant obstacle

4. Information seeking

Takes action on own to get information to help reach objectives or clarify problems.

- Does personal research on how to provide a product or service
- Seeks information or asks questions to clarify what is wanted or needed
- Personally undertakes research, analysis or
- investigation
- Uses contacts or information networks to obtain useful information

5. Concern for high quality of work

Acts to do things that meet or beat existing standards of excellence

- States a desire to produce work of high quality
- Compares own work or own company's work favourably to that of others.

6. Commitment to work contract

Places the highest priority or getting a job completed

- Makes a personal sacrifice or expands extraordinary effort to complete a job
- Accepts full responsibility for problems in completing a job for others
- Pitches in with workers or works in their place to get the job done
- Expresses a concern for satisfying the customer

7. Efficiency orientation

Finds ways to do things faster or with few resources or at a lower cost.

- Looks for or finds ways to do things faster or at less cost
- Uses information or business tools to improve efficiency

8. Systematic planning

Develops and uses the logical, step-by-step plans to reach goals

- Plans by breaking a large task down into sub-tasks
- Develops plans that anticipate obstacles
- Evaluates alternatives
- Takes a logical and systematic approach to activities

9. Problem solving

Identifies new and potentially unique ideas to reach goals

- Identify an alternative strategy to reach a goal
- Generate new ideas or innovative to reach a goal

10. Self-confidence

Has a strong belief in self and own abilities

- Express confidence in own ability to complete a task or meet a challenge
- Sticks with own judgment in the face of opposition or early lack of success
- Does something that he says is risky

11. Assertiveness

Confronts problems and issues with others directly

- Tells others what they have to do
- Reprimands or disciplines those failing to perform as expected

12. Persuasion

Successfully persuades others

- Convinces someone to buy a product or service
- Convinces someone to provide financing
- Convinces someone to do something else that would like that person to do
- Asserts own competence, reliability or other personal or company's qualities
- Asserts strong confidence in own company's or organization's products or services

13. Use of influence strategies

- Acts to develop business contacts
- Uses influential people as agents to accomplish own objectives
- Selectively limits the information given to others
- Uses a strategy or influence or persuade others

14. Monitoring

- Develops or uses procedures to ensure that work is completed or that work gets standards or quality
- Personally supervises all aspects of a project

15. Concern for relevant others welfare

- Takes action to improve the welfare of employees
- Takes positive action in response to employees personal concerns
- Expresses concern about the welfare of employees.

