

Concept note

Promoting Agribusiness Startups – Experiences from Asia-Pacific

The Asia-Pacific region underpins the global agrarian economy. It is a major supplier of most of the important food and agricultural commodities, globally. But, the sector also faces many challenges such as - predominance of small holder farmers, poor natural resource management, inadequate capital, low farm yields, environmental and soil degradation, lack of access to agri-extension and information services, imperfect agri-markets and a string of middlemen in the long supply chains, which have made agriculture a remunerative business venture and unattractive to younger generation.

The issues faced in the agriculture sector are now being tackled by new age agri-startups and agripreneurs who are endeavouring to bring forth advanced technological solutions in pre- and post-harvest activities of farming and allied sectors to make them become a sustainable and profit-yielding enterprise.

In India, extensive penetration of internet and smartphones, agri-sector reforms, pro-startups policy changes and growing investors interest in funding agri-sector innovations, have created ample opportunities for agri-startups. According to a NASSCOM report, the Indian Government specifically supports agri-startups through its various schemes, such as - Startup India program, Atal Innovation Mission (AIM), NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC) under National Science & Technology Entrepreneurship Development Board (NSTEDB), Dairy Entrepreneurship Development Scheme promoted by National Bank for Agriculture and Rural Development (NABARD), Venture Capital Finance Assistance (VCA) Scheme promoted by Small Farmers' Agri-Business Consortium, Aspire (MSME), etc. Agencies like NABARD have floated an exclusive Growth finance Equity Fund, NABVENTURES, for investing in innovative agri and rural business ventures.

Currently, there are more than 400 Agri startups in India. As per the Economic Survey of 2019-20, of these, 54% are classified as agri-startups while the rest are in the field of dairy farming, food processing and organic agriculture. In industry parlance, they

are classified as Upstream (input) market place model, Downstream(output) farm-to-fork supply chain model, Faas, IOT and Engineering led innovations.

As per India 2020 Agri Food Start-up Investment Report of AgFunder, investment worth \$ 1.05 bn were made in India in 2020 of which \$ 312 m was in Upstream ventures and \$ 741m in Downstream ventures. But due to COVID induced uncertainty, the investments were down from 2019 levels though deal volume saw a growth. Ninjacart, Kheyti, Sabziwala Cropin, agrihub, Krishi Star, Jai Kisan are some prominent Start-ups in India.

Other countries in Asia-Pacific are also making tremendous progress in this direction and changing the face of agriculture. Some of the prominent startups in Asia-Pacific countries are- Augmentus, a no-code AI robotics programming platform deploying its software for applications ranging from harvesting and plant inspections in urban farms to advanced spraying and welding in automotive production, Aurora Food, is producing low-glycemic bakery goods and Shandi Global, which uses high-performance technology to produce affordable plant-based meat substitutes without artificial ingredients, all from Singapore. In Philippines, Farm Citizens App, an online information dissemination platform for farmers enables farmers to get solutions for various crop diseases, pests, and other farm problems within a day by uploading the farm photos describing the clear symptoms. Cropital, also from Philippines is a crowd funding platform to help farmers, Senzagro from Sri Lanka provides Smart Irrigation systems while Tierraponica (Japan), cultivates high-quality hydroponic crops using organic matter from food processors such as fish/meat, and beer yeast. It also advises other companies on how to achieve a circular economy through hydroponic cultivation. These are just a few examples.

About APRACA

APRACA is a non-governmental organization on rural and agricultural finance which was established in 1977 with the aim of promoting productivity, inclusive growth, self-reliance, and welfare of the rural poor in the Asia-Pacific region. Its mission is to promote efficiency and effectiveness of rural finance and improve access to financial services through a network of knowledge sharing and learning, capacity-building, research and exchange of expertise. APRACA currently has a membership of 87 institutions in 24 countries. Some of the renowned institutions under the aegis of APRACA are - Agricultural Development Bank of China and Agricultural Bank of

China, Reserve Bank of India, National Bank for Agriculture and Rural Development (NABARD) India, State Bank of India, Agricultural Credit Policy Council of Philippines, Bank Indonesia, Central Bank of Sri Lanka, etc.

APRACA's strategic plan of action largely includes uplifting rural and agricultural financing environment through activities which include - fostering collaborative sharing of innovations, best practices, and knowledge solutions in agricultural financing and rural development; promoting better understanding of financial, monetary, banking, and economic development issues/challenges (including climate change) and innovations; facilitating mobilization and deployment of experts from APRACA members and non-member institutions for the conduct of consultancy services in support of the APRACA's objectives and programs; encouraging greater dissemination and use of high-quality knowledge on rural and agricultural finance through publications; organising seminars/ webinars, etc.

APRACA Centre for Excellence (ACE)

ACE has been set at Bankers Institute of Rural Development, Lucknow to complement APRACA in enhancing (i) Linkage banking (such as Self Help Groups, Joint Liability Groups, etc.) ;(ii) Research, Forums, Trainings, Exposure visits, Consulting service, Technical support, Innovations etc; (iii) Develop core training specialist and technical experts ; (iv) Design and conduct of international programmes; (v) Bring out appropriate publications and (vi) Enhance regional coordination among APRACA nations.

Rationale for the Webinar

India has the second largest area under agriculture in the world with record food grain production of 305 million tonnes and horticulture production of 325 million tonnes during 2020-21. With 20 Agro-climatic zones, it has all the 15 major climates of the world making it suitable for all kinds of Agri produce. India is the largest producer of spices, pulses, milk, tea, cashew and jute and second largest in many others. Yet it is mired by low productivity, inefficiencies in supply chain, preponderance of middlemen eating into farmers incomes, low level of technology adoption to name a few. Similar conditions exist in varying degrees in the Asia-Pacific countries many of them being predominantly agrarian.

Agri-startups are expected to play a pivotal role in transforming agriculture and therefore supporting agri-startups ecosystem would be critical to success of this journey. The ecosystem for successful startups typically starts with proper mentorship with a mix of technological and managerial support. The broader agri-startup ecosystem includes a number of think tanks, research labs, incubators, accelerators and investors. A startup has several development phases which includes: ideation, concept development, commitment, validation, scaling up and establishment of start-up. Development of appropriate policy framework and capable institutions for handholding startups is critical to getting through the challenges, gaining momentum and achieving success in the business.

Despite having huge potential to revolutionize agriculture sector, so far, the role of agri-startups has still been quite limited. There are many existing startups, who have tasted early success but are facing difficulties to expand their businesses. In the Asia-Pacific region, there are various key challenges for agri-startups which include: low land holding size, lowers scale of operation, low understanding about startups life cycle leading to investor apathy, relatively low return for the investors, challenges of farm technology adoption and affordability, lack of value chain specific commercial guidance and mentorship culture, incubators' capability, etc.

The Webinar

With a view to deliberate on the current status of the agri-startups in the Asia-Pacific region, key challenges the sector faces and the way ahead for the agri-startup ecosystem, NABARD-APRACA Centre of Excellence (ACE) is organizing international webinar to provide a platform to the stakeholders for having in-depth panel discussions with the participating panellist and a forum for cross learning from best practices in the region.

The panellists in the webinar will deliberate on the following topics:

1. The challenges faced by the evolving industry of agri-startups from the perspective of founders as well as investors.
2. Ways for establishing collaborative partnership between start-ups, FPOs, Banks and venture capitalists to drive holistic growth in the sector
3. Growth prospects/way forward for the agri-start-up ecosystem in the region

Stakeholders: NABARD, APRACA, FAO, NABVENTURES, Agri-preneurs from India, Agri-preneurs from APRACA member countries, Knowledge partners, Investors and Venture partners

Structure of the Webinar: The tentative schedule is appended below:

Tentative Programme Schedule

Date: 24th August 2021

Inaugural Session 10:00 - 11:00 Hrs (IST)		
Welcome Address	10:00-10:10	Sh. Shankar A. Pande, Director, BIRD
Special Speaker	10:10-10:20	Dr. Prasun Kumar Das, Secretary General, APRACA
Keynote Address	10:20-11:00	Dr. G.R. Chintala, Chairman, NABARD and APRACA
Panel Discussion 11:00 - 12:30 Hrs (IST)		
Moderator's Remarks	11:00-11:10	Sh. Rajesh Ranjan, CEO, NABVENTURES Limited, India
Panel Discussion	11:10-12:10	Sh. Sivakumar Palaniswamy CEO, NABARD Madurai Agri Business Incubation Forum (MABIF)
		Sh. Amit Sinha, Co-founder at Unnati . Nab venture portfolio Company
		Sh. Ashish Fafadia, Partner at Blume Ventures
		Two speakers from APRACA countries
Q & A Session and Summing up	12:10-12:25	By the Moderator
Vote of Thanks	12:25-12:30	ACE