

SWOT Analysis of Agro-Based Industry in India

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Received: November 16, 2018; Published: January 29, 2019

Abstract

Most of the population of India is dependent on agriculture. Agro-based industry has significant role in the economy to foster rural development in the country. Most of the agro based businesses are in the nature of food processing units. They have implication on food security and basic needs of human being. The present study aims at identifying strengths, weaknesses, opportunities, and threats for agro-based industry in India.

As so many countries having facing problem of inadequate food and emerged food crisis, Indian agro-based industries by tackling their own problems can come up to exploit huge potential in domestic as well as foreign market. No doubt, there are some problems before such industries in the country, but there are some strengths such as huge natural resources, suitable geographical conditions and atmosphere, availability of raw material, cheap labour supply, potential of export. But these organizations have some weaknesses like lack of infrastructure facility, low quality of product etc. Even though there are threats before this industry like global competition, additional cost of technology, unorganized market etc., it can flourish like anything. This study attempts to make SWOT analysis of agro-based industry in India.

Keywords: SWOT Analysis; Agro-Based Industry; India

Introduction

Most of the population of India is dependent on agriculture. Agro-based industry has significant role in the economy to foster rural development in the country. Most of the agro-based businesses are in the nature of food processing units. They have implication on food security and basic needs of human being. Agro-based industry may play catalytic role to enhance the standard of life of people living in rural area. With considering the importance of the agro-based industries, plan of rural development may be formulated in the light of rural resources management. This paper attempts to make SWOT analysis of Indian agro-based industry.

Rural industries

The industries which are mainly based on agriculture outputs or located in villages are called rural industries. In India, rural industrialization is possible only when the industries dependent on rural resources are established in rural area. If motivation is given to rural entrepreneurs, rural entrepreneurship leads to rural industrialization. Rural industry includes agro-based industry, mineral industry, forest based industry, textile industry, engineering and services industry.

Agro based Industries	Sugar industries, jaggary industry, oil processing from oil seeds, fruit juice making, pickles, wheat flour, dairy products, spices etc.
Forest based Industries	Honey, coir industry, wood products from bamboos, making eating plates from leaves
Textile Industry	Spinning, weaving, khadi industry, colouring, bleaching
Engineering and Service	Agriculture implements, tractor and pumpset repairs, Blacksmith, wood work for carts and other agriculture needs.

Table 1: Rural industries.

A paper presented at UGC-Sponsored National Seminar on "Rural Industrialisation: Problems and Prospects" Organized by Ajara Mahavidyalaya, Ajara Dist. Kolhapur on 5th and 6th February 2010.

Citation: Shrikrishna S Mahajan and Parashram J Patil. "SWOT Analysis of Agro-Based Industry in India". *EC Agriculture* 5.2 (2019): 102-105.

Agro-based industry

Agro-based industry is mainly related to the agriculture output of that area. Agro-based industry includes Sugar industry, Jaggery industry, Oil processing industry, Cashew processing industry. Milk industry, Fruit Juice making, Pickles, Wheat flour, Spices, Textile, Sericulture, Handicraft, etc.

Objectives of the Study

The main objective of the study is to make SWOT analysis of agro-based industry in India. The specific objectives are as given below:

1. To identify the Strengths of the agro-based industry in India.
2. To study the Weakness of the agro-based industry in India.
3. To identify the Opportunities of the agro-based industry in India.
4. To identify the Threats before the agro-based industry in India.

Methodology

The present study attempts to analyze the situation of Indian agro-based industry. For this purpose, a technique of SWOT analysis has been applied to evaluate the position of agro-based industry in India. The general observations and the review of agro-based industry have motivated this study.

SWOT analysis of agro-based industry in India

SWOT Analysis is a method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective. The SWOT analysis of agro-based industry provides analysis and interpretations of different aspects of agro-based industry in terms of its strengths, weaknesses, opportunities and threats.

Strengths of the agro-based industry in India

Agro based industry has increasing role in the economy in Indian as well as global context it has great strengths which are providing strong result in order to survive in the competitive business environment. The strengths of this industry have been discussed below.

1. **Huge natural resources:** India is one of the versatile countries in the world where number of huge natural resources are available. Each natural resource providing a potential to establish a new agro based industry. It leads to undertake economic activity in rural area.
2. **Suitable geographical conditions for agricultural production:** India has a rich in an appropriate geographical conditions for agriculture production where huge agriculture production is possible. Agro based industries are mainly depends on the agriculture outputs so it is one of the important strengths of the agro based industry as far as its development is considered.
3. **Availability of raw material:** Raw material is the necessary inputs for getting a final product for the agro-based industry. India is being produced huge agriculture product which become the raw material for agro based industry. It motivates people to undertake any enterprise
4. **Ability to exports:** Agro based industry is also able to export its product in the international market like sugar, cashew kernel etc. Agro based industry can acquire a valuable foreign exchange which will strengthen national economy.
5. **Strong traditional knowledge:** Agro based industry has a strong traditional knowledge which is percolated from the generations to generations which is providing inputs to the expertise in manufacturing like artisans industry, textile industry, cashew industry, handicraft industry etc.
6. **Additional employment generations:** Agro based industry generate additional employment in rural area this opportunity may go to a person from poor family it helps to reduce the poverty by providing income sources for livelihood.

7. **Improvement in product quality:** Know product quality of product from agro based industry is increased so it has demand in the world market also.
8. **Good labour supply:** This industry get labour easily in the local area at reasonable rate which can save cost of production and enable they industry they to run the business continuously.
9. **Large domestic demand:** Production of the agro based industry has a huge demand in the domestic market. Large domestic market demand is creating a different perspective for this industry it is considered one of the important positive aspects of this industry. India has second largest population in this world it is increasing year by it creates large demand in domestic market.

Weaknesses of the agro based industry

Agro based industry has some weaknesses which are discussed below.

1. **Lack of infrastructure facility:** In the development process of the any industry infrastructure is the important elements which is necessary to be considered consciously. In case of the agro based industry infrastructure is not adequate like road, transportation, banks, telecommunications etc.
2. **Low quality of the raw material:** Industry requires good quality raw material input to make it quality product but low quality raw material is available in the local market. Because in some case agriculture output of high quality is exported.
3. **Complex export procedure:** The export procedures is very complicated it requires more time that may create problems for this industry. It requires to complete different types of formalities it requires more time and effort for them.
4. **Political interferences:** In rural agro based co-operatives are under influence of politics interferences, political leaders interferences the important decision of such organization in their vested interest it creates hurdle in the growth of agro based industry.
5. **Lack of finance:** In the area where no three tier banking system is situated here industries are facing problem getting finance.
6. **Lack of professional management:** Rural industry may not have professional expertise It is very difficult to utilize full resources of the organization properly so as to achieve the objectives of the company.
7. **Traditional approach:** Indian agro based industry are run with the conventional approach like conventional method of production, processing, planning, policies, management, marketing etc. The outgoing approach increase cost of production of the agro based industry.
8. **Lack of modern technology:** Use of technology increases the production capacity of the company with the low cost and time. The cost of modern technology is very high which is not affordable to small agro based industry. So unavailability of modern technology is become the weakness of the industry.

Opportunities of the agro based industry

Agro based industries are the important element in the rural economy of the country. These industries particularly have the following opportunities.

1. **Increasing market span:** Initially only local market is available for the agro based industry but at present market span for agro based industry has increased. It is not necessary agro based industry is depend only to the local market it can be move outside market. Increasing market span creating huge opportunities for the agro based industry.
2. **Export:** The agro based industry is able to export his product to the international market like cashew kernel, sugar, cloth, milk product, etc. This is creating big opportunities for this industry which providing valuable foreign exchange to the country. It is now set the international platform for the Indian agro based industry.
3. **Value addition:** The rural industry can make value addition product like reprocessing on milk, reprocessing on sugar, reprocessing on cashew kernel etc. This is area where agro based industry has considered big opportunities.

4. **Entrepreneurship development in the rural area:** This industry is belonging to the rural area of the country; success of this industry is boost the new people to established the new industries in the rural area.
5. **More employment generations:** The agro based industry can able to create the more employment generations in the rural area, this may also considered as one of the opportunities for this industry.
6. **Proper utilization of natural resources:** The Indian agro-based industry is entirely depends on the agriculture resources. India is very rich with their huge natural resources. To utilize the proper natural resources is big opportunities for the agro based industry in India.

Threats of the agro based industry

The following factors are creating threats for the agro based industry.

1. **Global competition:** The agro based industry are facing know the global competition. It is very difficult to agro based industry to run a business in the high competitive area with the low profile. Generally agro based industry is small having small capital in the remote area of the country so it is difficult to compete the large organization.
2. **Unorganized market:** It is very difficult to found the well-organized market for agro based industry product; good market is the necessary for to have the appropriate price for the final product. Problem of the marketing is considered one of the important threats for this industry.
3. **Bad trade practices:** In order to maintain the sustainable development of any industry good trade practices are necessary. In case of agro based industry lack of good trades practices like quality of product, weight, packaging etc. are create the problem of this industry.
4. **Price fluctuations:** Because of the price fluctuations it is very difficult to maintain the pricing strategy some time company may have loss, this losses agro based industry could not bare, hence this factor creating the threat for the rural industry.
5. **Political biasness:** The big agro based industry are somehow political bias, interfering the major decision on the company which is not good for the agro based industry for acquiring the predetermined goal.
6. **Huge Cost of modern technology:** The cost of modern technology is always high it is very difficult to purchase this machinery for small organization in India. The high cost of machinery is creating threats for the agro based industry.

The agro based industry having acquired major place in life of the rural people so it is necessary to rectify the above threats and secure the future of the agro-based industry in the country [1-4].

Conclusion

Indian agro-based industry has potential to grow as a major player in the development of the nations particularly in backward area of the country. It is necessary to develop this industry as an important tool to change rural economy of the country. Indian agro-based industry has great strengths and more opportunities in the competitive business environment. Indian agro-based industry has the some weakness and the threats which are necessary to eliminate with careful solutions at macro level and micro level. India has to be increased the agriculture production as per demands of the agro based industry at the large extent with the quality. It requires making the research on different aspects of the agro based industry. There is need of the revision of government schemes in the light of emerging business environment at national and international level. With innovations, management skills and technology agro-based industry can come up as major player in economy as well as a tool for rural development. It requires rural industry potential survey to be conducted on the basis of rural resources management.

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Volume 5 Issue 2 February 2019

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