



# NABARD to Launch Fund for Agri-startups

[Source: LM](#)

## Why in News?

The [National Bank for Agriculture and Rural Development \(NABARD\)](#) plans to introduce a Rs. 1,000-crore fund to support technology-driven agricultural [startups](#) and rural enterprises, with an additional Rs. 750 crore earmarked for **pre-seed investments** in untested ideas, emphasising the need to foster **innovative solutions**.

- It aims to **redirect agricultural funding from traditional farmers to new players** with innovative technologies, aiming to shift focus from [production credit](#) to investment credit.

## What are the Agri Startups and Associated Challenges?

- **About:**
  - An agricultural startup, or agri startup, is a young company or business venture that **focuses on developing innovative solutions, technologies**, or business models to address **challenges and improve efficiency in the agricultural sector**.
- **Services Offered by Agritech Startups:**
  - **Smart Agriculture Promotion:** Providing information on crop yields, rainfall patterns, pest infestation, and soil nutrition.
  - **Farming as a Service:** For example, EM3 Agri Services offers farming services and machinery rentals to farmers on a pay-for-use basis.
  - **Big Data Analytics:** Developing **farm-specific, data-driven diagnostics** to enhance soil and crop health, thereby increasing productivity and farmer income. This often involves the use of [Artificial Intelligence](#), among other technologies.
- **Challenges:**
  - **Business Model:** Agri-startups often prioritise independent production and marketing, neglecting broader value chain challenges, and hindering scaling beyond initial success.
  - **Lack of Seed Fund:** Agri-startups from modest beginnings require funding and mentorship to validate ideas, develop minimum viable product (MVP), and create viable business plans, making small grant opportunities insufficient.
  - **Incubators' Competence:** Agribusiness incubators, based in agricultural universities and research institutions, are in the early stages and need a network of professionals with diverse expertise.
  - **Limited Knowledge of Available Technology:** Budding entrepreneurs lack awareness or connection to commercially viable agricultural technologies, including digital ones, offered by research organisations.
- **Other Initiatives by the Government:**
  - [Digital Agriculture Mission \(DAM\), 2021](#)
  - [Innovation and Agri-Entrepreneurship Development Programme](#), under [Rashtriya Krishi Vikas Yojana \(RKVY\)](#)
  - [Priority Sector lending](#) for [Agri-startups](#).
  - [NIDHI Seed Support Program \(NIDHI-SSP\)](#), under the [Department of Science & Technology \(DST\)](#)

## Nabventures: Fund for Rural Agriculture Startup

### ▪ About:

- The government plans to launch a Rs **750 crore** [Blended Capital fund](#) to support agricultural start-ups and rural enterprises, aiming to enhance investments and efficiency in the sector.
  - According to the [Organisation for Economic Co-operation and Development \(OECD\)](#), **blended finance** is the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries.
- **Objective:**
  - The goal is to **support pre-seed startups** with unproven ideas or uncertain growth potential, particularly those hindered by insufficient equity for scaling.
  - Start-ups that fall under agritech, animal husbandry, fisheries, food processing, and biotechnology would benefit from it.
- **Supervision:**
  - To finance agri-based start-ups and rural enterprises, blended capital support will be rolled out by the **Ministry of Agriculture** and managed by [Nabventures](#), a wholly-owned subsidiary of NABARD.

**Read More:** [National Bank for Agriculture and Rural Development \(NABARD\)](#), [AgriTech and Agri-Startups](#)

## UPSC Civil Services Examination, Previous Year Question (PYQ)

### Prelims:

**Q. Which of the following grants/grant direct credit assistance to rural households? (2013)**

1. Regional Rural Banks
2. National Bank for Agriculture and Rural Development
3. Land Development Banks

**Select the correct answer using the codes given below:**

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

**Ans: (c)**

### Mains:

**Q.** "In the villages itself no form of credit organization will be suitable except the cooperative society." –All India Rural Credit Survey. Discuss this statement in the background of agricultural finance in India. What constraints and challenges do financial institutions supplying agricultural finance face? How can technology be used to better reach and serve rural clients? **(2014)**

