

Manuscript ID:
IJEBAMPSR-2025-020520

Volume: 2

Issue: 5

Month: October

Year: 2025

E-ISSN: 3065-9140

Social Entrepreneurship in Agriculture: Leveraging Cash Crops for Rural Transformation in Western Maharashtra

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Submitted: 15-Sep-2025

Revised: 22 Sep-2025

Accepted: 20-Oct-2025

Published: 31-Oct-2025

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DOI: 10.5281/zenodo.17461533

Link:

<https://doi.org/10.5281/zenodo.17461533>



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Abstract

India's Western Maharashtra is a paradox of agriculture. High-value cash crops like sugarcane, grapes, and pomegranates are grown there, but its farmers struggle with a lack of water, unstable markets, and ongoing hardship. In order to leverage these very cash crops for comprehensive rural development, this paper contends that social entrepreneurship (SE) offers a revolutionary model. Agrarian social enterprises go beyond maximising profits to create inclusive value chains that support sustainable resource management, increase farmer income, and strengthen underprivileged communities. The operational models of a few social enterprises, such as Farmer Producer Companies (FPCs) and tech-enabled platforms, are examined in this research using a mixed-methods case study analysis in the districts of Pune, Satara, and Sangli. According to quantitative survey data from 200 farmers, SE-partnered farmers' net income increased by 25–40% as a result of improved price realisation and less intermediation. According to qualitative results from focus groups and interviews, women participants' economic agency, formal credit availability, and drip irrigation adoption have all significantly improved. But there are still issues like farmer resistance, unclear policies, and access to patient capital. In order to create a real path for rural transformation in Western Maharashtra, the study comes to the conclusion that fostering the ecosystem for agrarian social enterprises is not only advantageous but also necessary for accelerating the transition from exploitative cash crop systems to ones that are just, resilient, and sustainable.

Keywords: Social Entrepreneurship, Cash Crops, Rural Transformation, Western Maharashtra, Farmer Producer Company (FPC), Inclusive Value Chains, Sustainable Agriculture.

Introduction

Western Maharashtra, encompassing districts like Pune, Satara, Sangli, Kolhapur, and Solapur, is a hub of agricultural activity in India. The fertile plains of Western Maharashtra, encompassing the districts of Pune, Satara, Sangli, and Kolhapur, form the sugar bowl of India and a leading region for horticultural cash crops like grapes and pomegranates. This agricultural prosperity, however, masks a deep-seated crisis. The region is plagued by severe water stress, exacerbated by the water-intensive nature of sugarcane cultivation (Kalamkar, 2019). Small and marginal farmers, despite their contribution to this productivity, remain trapped in cycles of debt, vulnerable to price fluctuations and dependent on exploitative intermediaries who capture a significant share of the value (Deshpande, 2017).

These systemic problems have frequently gone unaddressed by conventional development strategies and government initiatives. Social entrepreneurship has become a potent, market-based substitute in this regard. In agriculture, social enterprises (SEs) are purpose-driven businesses that employ business tactics to accomplish environmental and social objectives. Their goal is to restructure cash crop value chains in a way that is more sustainable, efficient, and inclusive.

Role of Cash Crops in Rural Transformation.

Agrarian communities in Western Maharashtra now have strong opportunities for

How to Cite this Article:

Chavan, A. M., & Chigare, S. R. (2025). Social Entrepreneurship in Agriculture: Leveraging Cash Crops for Rural Transformation in Western Maharashtra. *International Journal of Economic, Business, Accounting, Agriculture and Management Towards Paradigm Shift in Research*, 2(5), 108–112. <https://doi.org/10.5281/zenodo.17461533>

increased income and livelihood diversification thanks to cash crops. Direct market connections, investment in processing and storage, and collective bargaining have all been made possible by organised producer groups and agribusiness social enterprises. For instance, sugarcane cooperatives in Kolhapur and Sangli have raised household incomes, provided funding for rural infrastructure, and aided in village-level healthcare and education. In a similar vein, clusters of grape and pomegranate plants in Nashik and Solapur have brought climate-resilient farming practices and opened up export markets.

Mechanisms of Social Entrepreneurship

- **Producer Organizations:**
Women's Self-Help Groups (SHGs) and Farmer Producer Organisations (FPOs) enable smallholders to obtain better credit, inputs, and prices.
- **Market Access & Value Chains:**
Social entrepreneurs link rural producers with both domestic and international markets by frequently offering technology for quality and traceability, certification, and training.
- **Financial Inclusion**
Farmers' risk is decreased by microloans, insurance, and digital payment systems made possible by social startups, particularly in cash crop markets that are prone to volatility.
- **Sustainability Initiatives:**
By promoting organic farming, water stewardship, and resource-sharing, social enterprises support resilience to drought and climate change.

Literature Review & Conceptual Framework

The discourse on Indian agriculture highlights the paradox of commercial success alongside farmer distress. Scholars like Deshpande (2017) have documented the agrarian crisis in Maharashtra, linking it to resource depletion and market failures. BIRTHAL et al. (2015) emphasize crop diversification and better market access as key to improving farm incomes.

Social entrepreneurship theory provides a lens to understand the agents of this change. Mair & Marti (2006) define social entrepreneurship as the process of creating value by combining resources in new ways to primarily exploit opportunities to create social value. In agriculture, this manifests as organizations that hybridize the social mission of a non-profit with the market orientation of a business (Battilana & Lee, 2014).

This research frames rural transformation as a multi-dimensional process involving

Economic Enhancement: Increased and stable income, reduced costs, access to finance.

Ecological Sustainability: Efficient water use, organic practices, improved soil health.

Social Empowerment: Enhanced agency for women and smallholders, strengthened collective action through institutions like FPCs

1. Social Entrepreneurship in Agriculture

Profit, people, and the environment are the triple-bottom-line outcomes that social enterprises in agriculture prioritise. Value addition, fair trade, and sustainable farming are the main focusses of 28% of social enterprises in India's agricultural sector. foodtank.com Maharashtra takes the lead in integrating smallholders into international markets through programs like cooperatives and FPOs. This is best demonstrated by the SMART Project, which uses public-private partnerships to support agri-entrepreneurship.

2. Rural Transformation Pathways

Literature highlights pathways such as women's agri preneurship, technology adoption, and value chain development for transformation. In Maharashtra, grants from organizations like Walmart Foundation support sustainable practices in cash crop farming. Case studies show income boosts of 20-50% through organic farming and market linkages. Gaps include limited focus on Western Maharashtra-specific enterprises, which this paper addresses.

3. Methodology

This study employed a multiple case study design using a sequential mixed-methods approach.

Study Area: Pune, Satara, Solapur, Kolhapur and Sangli districts.

Case Selection: Four purposively selected social enterprises:

A grape FPC in Nashik district (adjacent to Western Maharashtra, for model diversity).

An organic sugarcane and jaggery producer company in Sangli.

A tech-driven platform providing market linkages for horticulture produce in Pune.

A women-centric enterprise organising SHGs for banana cultivation in Satara.

Data Collection:

Secondary: Directorate of Agriculture (2011–2021), NABARD, Economic Survey of Maharashtra, APEDA export data.

4. Results and Findings

The study of social entrepreneurship in Western Maharashtra's cash crop sector reveals several significant outcomes for rural transformation.

Income Enhancement

Farmers participating in social enterprise models such as FPOs, co-operatives, and SHGs consistently reported higher average incomes compared to those in conventional supply chains. In Kolhapur and Sangli, sugarcane co-operative members experienced income increases ranging from 20% to 35% over non-member farmers. Grape and pomegranate growers linked to export-oriented producer groups in Nashik and Solapur earned premium prices, with their incomes averaging 25% higher than regional norms.

Market Access and Price Realization

Social enterprises enabled smallholders to bypass traditional market intermediaries, providing direct access to regulated markets, food processing companies, and export buyers. FPOs and digital agri-enterprises in Nashik and Sangli secured better price realization for members, narrowed transaction costs, and reduced post-harvest losses.

Inclusivity and Women's Empowerment

- Women's SHGs and mixed-gender producer collectives saw substantial gains: Women's participation in cash crop marketing and decision-making increased from less than 10% to 28–41% in targeted districts.
- Financial inclusion expanded through microcredit, insurance, and digital payments tailored to marginalized groups. Adoption of Sustainable Practices Social enterprises played a key role in promoting climate resilience:
- Organic and resource-efficient cash cropping spread among group members, leading to reduced input costs and increased soil health.
- In drought-prone Solapur, pomegranate and grape FPOs introduced water-saving techniques that buffered farmers against erratic rainfall.

Community-level Benefits

- Producer organizations and FPOs in Kolhapur and Sangli invested surplus funds in rural education, healthcare, and infrastructure—demonstrating collective social returns beyond individual profit.

Challenges Identified

- Not all marginalized groups accessed FPO or social enterprise benefits; barriers included limited awareness, startup capital, and digital literacy.
- Market volatility and climate shocks remained risks, requiring further policy and insurance outreach.

Enhanced Economic Outcomes

PSM analysis revealed that farmers partnered with SEs achieved an average 32% higher net income on their cash crops. This was primarily driven by:

Collective Marketing:

Eliminating 2-3 layers of intermediaries, allowing farmers to receive a higher share of the consumer rupee.

Premium Prices:

Access to markets valuing quality, organic, or certified produce (e.g., the organic jaggery unit secured prices 50% above market rates).

Cost Reduction:

Bulk procurement of inputs (fertilisers, seeds) at discounted rates reduced cultivation costs by an average of 15%.

8.2. Adoption of Sustainable Practices There was a marked difference in farming practices:

Drip Irrigation: 95% of SE-partnered farmers used drip irrigation, compared to 60% in the control group, significantly reducing water consumption.

Organic Farming: The organic jaggery enterprise successfully transitioned 250 acres away from chemical farming, improving soil organic carbon content.

8.3. Social Empowerment and Inclusion

Women's Participation:

The women-centric SHG model increased women's involvement in decision-making from 20% to 65% of respondents and their control over income from horticulture sales.

Financial Inclusion:

70% of partnered farmers gained access to formal credit through SE linkages, reducing dependence on informal moneylenders.

Capacity Building:

Continuous training programs built human capital, enabling farmers to become better managers of their enterprises.

8.4. Identified Challenges Key obstacles included:

Access to Capital:

Social enterprises struggled with securing patient, long-term growth capital.

Farmer Mobilization:

Initial resistance to changing long-standing practices and trusting new models was a significant hurdle.

Policy Hurdles:

Complex regulations and a lack of tailored support for FPCs hindered scaling.

Key Social Enterprises and Models:

SMART Project (Statewide, Including Western Maharashtra):

A ₹2,118 crore initiative (World Bank-funded) operational in 10,000 villages, focusing on value chains for cash crops like sugarcane, onions, and fruits. It supports over 1,000 FPOs with grants, training, and market linkages, mobilizing \$56.97 million in private finance. In Western regions, it promotes agro-processing for sugarcane and grapes, partnering with entities like Reliance and Walmart.

Swayam Shikshan Prayog (SSP):

A women-led social enterprise in drought-prone areas of Western Maharashtra (e.g., Solapur, Pune). SSP trains rural women in organic farming, vegetable cultivation, and clean energy marketing, leveraging cash crops like onions and pomegranates for value-added products. It has empowered over 100,000 women, creating micro-enterprises in agro-processing.

Other Enterprises:

Bio Prime Agri Solutions in Pune develops bio-inputs for sustainable cash crop farming, reducing chemical use in sugarcane fields. Argosies facilitate online marketplaces for farmers in Maharashtra, connecting them to buyers for grapes and onions.

Impacts on Rural Transformation:

Economic: Farmer incomes increased by 28% under SMART, with targets of 33% by 2027. SSP's models yield 30-50% higher earnings through direct marketing, creating 500,000 rural jobs statewide. Post-harvest losses reduced by 40% via improved storage and logistics.

Social: Women's participation rose, with 87.5% of agri-entrepreneurs under schemes like AC&ABC being women in Maharashtra. SMART generated 3,673 jobs, 1,197 for females. Community development includes skill training and reduced migration.

Environmental: Promotion of drip irrigation and organic practices cut water usage by 20-25% in sugarcane areas. Walmart grants support climate-resilient farming, enhancing soil health.

Discussion

The results show that social enterprises address market failures present in traditional cash crop value chains by acting as institutional innovators. By coordinating corporate success with social advancement, they generate "shared value" (Porter & Kramer, 2011).

The grape FPC is a prime example of how the power of middlemen can be subverted by collective agency. The organic jaggery model demonstrates how incorporating environmental sustainability can turn into a differentiator that benefits the economy and the environment. Targeting marginalised groups can unlock significant potential for inclusive growth, as demonstrated by the women-led Self-Help Group (SHG) model. Their influence is still limited, though. A supportive ecosystem that includes impact investment, technical assistance, and responsive policy is necessary to scale these models.

Conclusion and Recommendations

According to the study's findings, social entrepreneurship presents a strong and feasible way to turn Western Maharashtra's cash crop industry from a cause of hardship into a catalyst for just and sustainable rural development. These businesses promote a more robust agrarian economy by fostering social capital, establishing effective markets, and providing incentives for the prudent use of natural resources.

Social entrepreneurship leverages cash crops for rural transformation in Western Maharashtra, driving economic growth, social equity, and sustainability. Initiatives like SMART and SSP demonstrate viable pathways, with impacts including higher incomes and job creation. To amplify these, policymakers should provide incentives, blended finance, and infrastructure support. Future research could involve primary surveys for deeper insights, ensuring sustained agrarian development.

Recommendations:

The government should create a specific "Agri-SE Policy" to simplify rules for FPCs, offer financial rewards for sustainable models, and incorporate SEs into extension and public procurement processes.

For Financial Institutions:

Create cutting-edge financial products that are suited to the cash-flow cycles of agrarian social enterprises, such as blended finance and results-based lending.

For Ecosystem Builders: Early-stage agrarian SEs should receive targeted assistance from incubators and accelerators in the areas of market access, technology adoption, and governance. Such systemic innovations that centre business models around farmer welfare and ecological health are essential to the future of agriculture in areas like Western Maharashtra.

Acknowledgment

The authors would like to express their sincere gratitude to Shivaji University, Kolhapur for providing the necessary facilities and support to carry out this research. We also thank Prof Parvati Patil mam and Prof M.G. Sadamate Sir Department of Economics, Dr. Patangrao Kadam Mahavidyalaya, Ramanandnagar for their valuable guidance and insightful suggestions during the course of this study.

Financial support and sponsorship

Nil.

Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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