

Financial Analysis of Agritourism Operations: A Case Study

S. G. Walke¹ and Atul Kumar²

¹Director, SNG Institute of Management and Research, Pune, Maharashtra, India.

²Associate Professor, Siddhant Institute of Business Management, Pune, Maharashtra, India.

CITATION: Walke, S. G. and Kumar, Atul (2017), "Financial Analysis of Agritourism Operations: A Case Study", *MERC Global's International Journal of Management*, Vol. 5, Issue 4, pp. 136-142.

ARTICLE HISTORY: Submitted: May 30, 2017, Revision received: June 28, 2017, Accepted: July 10, 2017

ARTICLE TYPE: Research paper

ABSTRACT

Due to a convergence of global market dynamics, rising costs, and urbanization pressure Indian farmers are enforced to unearth innovative ways of diversification. The main objective of the research was to analyse the financial potential of the Agritourism business and evaluate the results to conclude whether Agritourism can provide an alternative source of income to the farmers for their sustainable development. The study is also aimed at providing authentic research-based information on Agritourism to aspiring farmers to assist them in making the decision of starting up of this new business venture and to help them design their business strategies. The research methodology involved both desk research and field research which was used to depict the concept of Agritourism and the various financial facets that are involved in the successful running of Agritourism. For the field research, unstructured interview was conducted to gather information from the owner of Anand Agritourism, Chicholi Morachi, Pune. The available financial records of the same ATC were analysed to fulfil the objectives of the study. Agri-tourism is a way of attracting tourists to experience a rural and agricultural environment through multiple, participative activities. Tourism always has a multiplier effect and here too it was found that the tourist trips and associate spending made a significant contribution to rural economies and improved quality of life of the farmers. Agritourism is a profitable business with Payback period of fewer than 4 years. The farmers can also sell their farm products directly to the visitors and make more profits as compared to conventional methods of selling their products in the markets because that would involve transportation, brokerage intermediaries and other indirect costs. Agritourism provides an opportunity for the farmers to increase their annual income by rendering diversified services to the visitors, while simultaneously educating the non-farm public about farming and enhancing community participation. The social interaction of the farmer and his family with various kinds of visitors helps them to learn new things, share and exchange their knowledge and experiences and thereby improving their social status and enriching their lives in general. Also Agritourism gives employment to all members of the household, including women, thus making better utilisation of the human resource available with the Agripreneur. From the tourist point of view Agritourism provides them a cost-effective form of experiencing rural culture and recreating their mind, body and soul. The conclusions drawn are only on the basis of one ATC and since the respondent was only the owner of one ATC the data gathered is restricted and this has to be tested and finalised on larger area and large sample size. Agritourism has emerged as one form of alternative enterprise development for a growing number of farmers. By analysing the profitability of the business venture more and more farmers can be motivated to start this business which will lead to improvement in their living standards and upliftment of the rural society. Studies related to Agritourism will help to improve the economic status of our villages and will also lead to the preservation of monuments and places of historical importance. People will become more aware of our cultural heritage and it will also attract the attention of local, state and national authorities towards this often neglected legacy from our past. More targeted empirical research is required to clearly articulate the economic benefits of Agritourism in India, particularly

at state or regional scales. Non-Monetary benefits associated with Agritourism include personal entrepreneurial or lifestyle goals, expansion of farm employment opportunities for family members, preservation of rural lifestyle, and social interaction with guests.

KEYWORDS: Agritourism centre, Agripreneurs, Agritourism NPR, Payback period, Agritourism ROI, Cumulative investment.

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