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Agro-tourism in India: An emerging agri-business opportunity for sustainable rural development

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Abstract

Agro-tourism refers to the modern business model of integrating agricultural practices and tourism in order to earn additional revenue from farming activities. This article reviews the economic, social, and environmental benefits associated with agro-tourism from literature studies published between 2010 and 2025. The findings reveal that farmers' incomes can be increased by up to 25%-60%, alongside generating employment, entrepreneurial ventures, and diversification of economic opportunities. Agro-tourism also contributes significantly to the conservation of rural heritage, indigenous knowledge systems, and ecological sustainability. Moreover, this research also identifies the increasing trend of experiential and eco-tourism, thereby providing scope for using agro-tourism as a vehicle to develop strong ties between rural and urban regions and improve consumer education about farming practices. However, agro-tourism still faces challenges such as poor infrastructure, poor managerial skills amongst farmers, ineffective digital marketing, and inconsistent policies. Success factors discussed by the review include attraction of the destination, access to the site, quality of services offered, and participation of the community. The findings suggest that the concept of agro-tourism has the potential to become a major instrument for rural sustainable development, contingent on the implementation of policy measures and infrastructure development.

Keywords: Agro-tourism, rural development, agri-business, sustainability, income diversification, India

Introduction

Siregar, Y. R. P., & Selwendri, S. A. (2024) ^[18]. Tourist segmentation based on preference for ecotourism destinations in North Sumatera, Indonesia: Cluster and conjoint analysis. Soft ecotourists emphasize the importance of comfort and accommodation, while hard ecotourists place more significance on ecological sustainability. This research reveals that even though soft ecotourists highly value comfort and accommodation, hard ecotourists emphasize their commitment to nature and biodiversity. The study has pointed out variations in preferences among tourists in different places such as Medan, Langkat, Karo, and Toba Samosir. According to the study, a diversity of nature, festivals, and good services should be provided to satisfy both types of tourists.

Mahida R (2023) ^[11] The essay describes agro-tourism as an experience in which visitors visit rural communities and farms in order to get acquainted with the lifestyle in the countryside. The essay discusses the benefits of agro-tourism for the economy of rural areas through the creation of employment opportunities and education on agricultural activities. In addition, the essay notes that agro-tourism is becoming popular in India due to the worldwide shift towards sustainable tourism practices.

Sathe S and Randhave M (2019) ^[15] This research paper

examines the role of agro-tourism in the rural development process in Maharashtra, especially Village Inn Agro Tourism in Wardha. The authors stress the importance of agro-tourism in boosting the rural economy, developing sustainable tourism, and creating jobs. They also identify some of the problems faced by agro-tourism, suggesting ways for making agro-tourism a sustainable practice in rural areas of India.

Gadakh *et al.*, (2025) ^[7] However, as far as the detailed analysis of the literature is concerned, the socio-economic paradox in relation to employment opportunities created through agro-tourism stands out clearly. According to several theoretical studies, agritourism, as a business practice, employs unskilled rural youth, which, therefore, serves to decrease the level of unemployment among people living in the countryside. Nevertheless, findings obtained through research in the state of Karnataka prove to be critical as about 83.33% of the farmers interviewed listed the "high cost of labour" as a major obstacle. This means that although agritourism requires manpower, the high rates demanded by laborers who do not originate from the area could lead to losses for agripreneurs running businesses. Therefore, special attention needs to be paid to labour issues within rural hospitality practices as they cannot be solved by a simple assumption that there is plenty of cheap labour

available in the rural areas.

Sarath *et al.*, (2023) ^[14] explores gender differences regarding preference for landscapes in the agritourism industry in Tamil Nadu, India. The study reveals that females have more affinity for natural characteristics such as local plants, fields, and highly cultivated crop areas compared to males. It is believed that knowledge of gender preferences will be vital in enhancing satisfaction for tourism companies.

Cheraghzadeh *et al.*, (2024) ^[3] This paper analyses the determinants of tourists' satisfaction in regard to the Bisheh Waterfall in Iran, which is a well-known destination for ecotourism. Using factor analysis and regression analysis, eight important factors have been identified such as infrastructural facilities, safety and security, availability of destinations, expenses of travel, and others. This paper concludes that safety and security are the most important among all other factors.

Sarath *et al.*, (2023) ^[14] discusses the development of agritourism in Tamil Nadu, which is shaped by the changes in consumer behaviour toward experiential tourism. In this study, Principal Component Analysis (PCA) is employed to determine key determinants such as the natural setting, farm operations, food services, and farm-related services. The research highlights that consumers prefer traditional farming practices and local food products, offering valuable recommendations on how to develop agritourism to enhance customer loyalty and expansion.

Sennimalai and Sivakumar (2022) ^[17] addresses the growth of agritourism in India through customer demand and supply requirements. In a survey conducted in Tamil Nadu, it was found that tourists in agritourism include mostly women travellers who like to visit farms during weekends. This study underscores the need for serving cultural cuisines and farm activities in order to attract tourists. It suggests creating development committees, providing funding, conducting training sessions and promoting agritourism online.

Darda and Bhuiyan (2022) ^[4] examines the socio-economic impacts of ecotourism in Terengganu, Malaysia, applying Structural Equation Modelling (SEM). The study demonstrates that ecotourism generates jobs, promotes community participation, and provides for homestays. Nevertheless, issues relating to environmental destruction and cultural erosion remain. The results suggest the need for increased community participation and proper natural resource management to ensure sustainable ecotourism development.

Carvache-Franco *et al.*, (2020) ^[2] The paper examines the level of tourist satisfaction from visiting protected ecotourism destinations in Ecuador: Morro Mangrove Wildlife Refuge, Santay Island National Recreation Park, and Samanes National Recreation Park. It highlights the high level of customer satisfaction and loyalty, which is attributed to elements like pleasant surroundings, preservation of heritage, polite treatment, and easy access to amenities. According to the study, higher customer satisfaction leads to repeat visitation and effective word-of-mouth marketing.

Rinkeshkumar, M., & Mahida, G (2023) ^[11] The existing literature on agro-tourism considers agro-tourism more than a form of rural tourism because agro-tourism is considered a

multifunctional business venture that incorporates production with high-value services. The literature on agro-tourism focuses on three major pillars of agro-tourism, namely economic diversification, socio-cultural conservation, and environmental protection. In the past, agriculture had been defined by a productionist ideology, emphasizing the agricultural product alone. However, today, the literature emphasizes the new approach in which the farm itself becomes an educational centre and place of leisure as well as a site of direct marketing. Literature shows that for the farmer, agritourism plays a significant role as "cash crop," serving as an additional source of income for minimizing risks inherent in agriculture.

Joshi *et al.*, (2020) ^[9] A new trend being noted in the reviewed literature between 2021 and 2025 is the move towards the concepts of "Agro-ecology" and "Circular Economy (CE)". Scholars have been increasingly making the claim that for the sustainability of an agro-tourism centre, there must be a recycling of resources in terms of harvesting rainwater (seen as an important environmental component) and turning farm waste into an organic culinary experience. This new trend shows that the future of agritourism centres will not follow a "productionist" approach, which is mere visiting, but will adopt a "systemic" approach, where the farm becomes an ecosystem educating the tourist about environmental stewardship and providing quality recreational services.

Overview and Market Status

The Indian agro-tourism industry has transformed from a niche concept into a mainstream agri-business sector, currently growing at a remarkable annual rate of 20%. As of 2024, the market size is estimated at USD 1,177.9 million and is projected to reach approximately USD 4,911.9 million by 2033, representing a robust Compound Annual Growth Rate (CAGR) of 17.9%. This growth outpaces the global tourism average, as the Indian tourism sector itself grows at 10.1%, nearly 2.5 times the world rate of 4%. (Tugade, 2020) ^[20].

Core Service Segments

The industry is categorized into several specialized segments that offer diverse revenue streams for arbitrageurs:

- **Direct-Market Sales:** The most established segment, where farmers sell fresh produce, organic items, and traditional handicrafts directly to consumers, capturing a larger share of the "consumer food dollar".
- **Accommodations and Hospitality:** Includes farm stays, homestays, and rustic cottages that offer urban dwellers a "welcome escape" from hectic city life.
- **Outdoor Recreation:** Currently the largest revenue-generating segment, featuring activities like bullock cart rides, tractor rides, and nature trails.
- **Agri-Education:** The fastest-growing segment, providing "open-door schools" for students to learn about crop cycles, livestock management, and sustainable farming methods.

Key Industry Offerings and Experiences

Indian agro-tourism centers leverage regional diversity to provide unique "enchanted and practical" contacts with rural life:

- **Traditional Activities:** Milking cows, feeding livestock, and participating in seasonal tasks like sowing or harvesting.
- **Culinary Experiences:** Traditional "farm-to-table" dining, including regional specialties like Maharashtra's *Hurda* parties (fresh roasted corn) and Kerala's spice-based cuisine.
- **Rural Recreation:** Traditional games, folk music, village walks, and handicrafts workshops (pottery, weaving).

State-Wise Industry Leadership

While the industry is expanding nationwide, specific states lead through dedicated policies and unique regional products:

- **Maharashtra:** The national pioneer, housing over 300 registered agro-tourism centres. It was the first state to implement a formal Agri-Tourism Policy (2016) to standardize operations.
- **Kerala:** Focuses on "Responsible Tourism," leveraging its spice plantations, tea estates, and backwater-adjacent organic farms.
- **Punjab and Haryana:** Known for large-scale wheat/rice farm experiences, tractor rides, and traditional Punjabi hospitality.
- **Rajasthan:** Integrates agro-tourism with cultural heritage, offering desert farming tours, camel breeding experiences, and millet-based culinary tourism.

Economic Contribution and Future Outlook

Agro-tourism is increasingly vital to the national economy, as agriculture alone accounts for 18.3% of India's GDP. The industry serves as a crucial tool for "Aatmanirbhar Bharat" (Self-Reliant India) by revitalizing rural economies and providing employment for both skilled and unskilled youth. Future growth is expected to be driven by the "Go Vocal for Local" mission and an increasing urban focus on health, wellness, and pro-nature retreats. (Dionysopoulou, 2021)^[5].

Gaps / Limitations

- **Geographic Concentration and Lack of Generalizability:** A significant majority of the current Indian literature is heavily focused on Western India, specifically the "Maharashtra Model". There is a pronounced lack of comparative studies across different agro-climatic zones, such as the arid regions of Rajasthan, the high-altitude Himalayan clusters, or the flood-prone plains of Bihar and West Bengal.
- **Absence of Longitudinal Economic Data:** Most existing research utilizes "snapshot" surveys or cross-sectional data. There is a critical shortage of longitudinal studies that track the profitability, debt-to-equity ratios, and long-term economic survival of agro-tourism centres over a 10-to-20-year cycle.
- **The Digital Divide and Technological Integration:** While theoretical frameworks mention the importance of digital marketing, there is insufficient empirical research on the "digital readiness" of small-scale farmers. Specifically, gaps exist in understanding how AI, machine learning, and geoinformatics can be utilized by rural agripreneurs for real-time yield-

tourism balance or customer sentiment analysis.

- **Infrastructure-Policy Disconnect:** Literature frequently highlights "infrastructure" as a barrier, yet there is a gap in research that provides a "cost-benefit analysis" of specific infrastructural investments (e.g., rural high-speed internet vs. road connectivity) in relation to tourist footfall.
- **Labour Management and Socio-Economic Paradoxes:** While agritourism is lauded for creating jobs, research in states like Karnataka has highlighted a paradox where the "high cost of labour" (83.33% of respondents) acts as a deterrent. Existing literature fails to provide strategic models for managing these rising labour costs within a low-margin rural hospitality framework.
- **Ecological Footprint Measurements:** Despite being categorized as "eco-friendly," very few studies provide quantitative data on the actual carbon footprint, water consumption, or waste generation levels of agro-tourism centres compared to traditional agricultural operations.
- **Standardization and Quality Control Gaps:** There is a lack of research regarding the development of a "National Star Rating" or quality assurance framework that is sensitive to the "rustic" nature of agritourism while ensuring urban standards of hygiene and safety.
- **Psychological and Behavioural Research:** There is limited evidence regarding the behavioural shifts of urban tourists after visiting agro-tourism sites, such as whether these visits result in long-term changes in sustainable consumption or support for local agricultural policies.

Future Directions / Recommendations

Based on the synthesis of existing challenges and emerging trends, the following recommendations are proposed to professionalize and scale the agro-tourism industry in India:

Suggested Areas for New Research

- **Technological Feasibility Studies:** There is an urgent need for research into the application of "Smart Agriculture" and AI in tourism management. Future studies should explore how IoT-based monitoring can help farmers manage guest footfall without compromising crop health or soil quality.
- **Longitudinal Economic Impact:** Research must move beyond cross-sectional surveys to longitudinal tracking of farm incomes over 10-15 years to provide definitive evidence of agritourism's role in rural poverty alleviation.
- **Consumer Behaviour Analysis:** In-depth psychological studies are required to understand the shifting preferences of urban "Generation Z" and millennial travellers to tailor rural experiences that meet modern expectations of "wellness" and "authenticity".

Methodological Improvements

- **Data-Driven Decision Making:** Researchers and practitioners should adopt advanced multi-criteria decision models like AHP-TOPSIS and Machine Learning feature selection to identify the most viable

locations for new clusters, ensuring that investments are made in areas with high "Destination Attractiveness" and community readiness.

- **Standardized Impact Metrics:** Developing a unified framework to measure the "Social Return on Investment" (SROI) and ecological footprints of agro-tourism centres will help in creating a national benchmark for sustainability.

Policy and Practice Implications

- **Unified National Policy:** While Maharashtra has a successful model, a centralized "National Agro-Tourism Policy" is recommended to provide uniform standards for safety, hygiene, and land-use permissions across all states.
- **Single-Window Facilitation:** State governments should establish "Agro-Tourism Facilitation Centres" to provide one-stop clearance for licenses, permits, and access to low-interest institutional credit.
- **Infrastructure Development:** Public-private partnerships (PPP) should focus on improving "last-mile connectivity," including rural road maintenance, reliable electricity, and high-speed internet to bridge the urban-rural divide.

Theoretical Development

- **Entrepreneurial Capacity Building:** Vocational training programs should be integrated into agricultural universities to transform traditional farmers into "Agripreneurs." Training should focus specifically on soft skills, hospitality management, and digital marketing to overcome the "communication gap" identified in current literature.
- **Integration with Circular Economy:** The industry should move toward a "Circular Agro-Tourism" model, where farm waste management, rainwater harvesting, and organic production are not just operational choices but core parts of the tourist's educational experience.

Conclusion

The above discussion can lead us to a possible solution whereby the growth of tourism in India can be sustained through the implementation of agro-tourism. By incorporating agro-tourism with other forms of tourism activities, not only does it contribute to showcasing the beauty of the rural areas along with its culture, but also plays a vital role in the creation of jobs and conservation of environment. In the present context, agro-tourism offers an opportunity for people to get acquainted with the culture of India. Agro-tourism is yet another means of generating income for the farmers and their communities. It may even enhance revenue collection and provide employment to the farmers and neighbouring communities and therefore improving their economic condition. However, there are various challenges such as finance and lack of awareness which should be overcome before implementing agro-tourism in India. Once done, agro-tourism may prove to be an important factor in sustaining tourism in India. The agro-tourism is one such critical frontier of opportunity for India's agri-business sector which can potentially change subsistence agriculture into diverse high value services economy. By addressing the needs of urban consumers and

rural producers alike, it establishes a sustainable economic model to counter both issues of declining agricultural profitability as well as urban 'nature deficit'. From the synthesis of 20 research studies, we confirm that when managed properly, with authenticity and local community engagement, agro-tourism becomes a powerful tool to achieve rural 'Atmanirbharta'. Economic Development: Agro-tourism acts as a "cash crop" providing an alternative source of income with the national market expected to grow at a 17.9% CAGR reaching almost \$5 billion by 2033. Key Success Factors: "Destination Attractiveness" is the key to tourists visiting a location, while "Local Community Engagement" plays a key role in sustainability and cluster performance. Key Obstacles: There exists a critical policy-knowledge gap characterized by high labour costs (83.33%), no specialized hospitality training for farmers and inconsistent state level infrastructure development. Environmental Issues: Emerging trends point towards principles of "Agro-ecology" and "Circular Economy" where natural resources available in farms like rain water harvesting and organic production help achieve zero waste tourism destinations.

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