

Infrastructural Support to Agro-based Industrialization: Some Empirical Observations

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Abstract

Rural development incorporates the development of agriculture and allied occupation. During the plan period, effort have been made to promote agriculture by providing massive doses of investment, payment of subsidies, supply of inputs and extension network. But the benefits of agriculture growth have not 'trickled down' either to improve the economic condition of the farming class or the people depending upon agriculture for their subsistence. Agro-based industries play a vital role in the development of rural economy on which that of the national economy depends, since it is largely an agrarian one. Agro-based industries help to improve the state income and facilitating an equitable distribution of the same among different sectors and regions in economy. This study was planned as a micro study in the form of a case-study and covers the district Bulandshahr of Western Uttar Pradesh. The study includes categories of industries in drawing out random samples from the universe (i.e, District Bulandshahr). In order to evaluate the impact of agro-based industries on rural development, four categories of agro-based industries have been selected which are Sugar Industries; Dal Mills; Flour Mills and Rice Mills.

Keywords: Rural Development; Agro-based Industries.

Classification-JEL : R26, A29

1. INTRODUCTION

Rural development has been accepted as the pivot of accelerating the pace of economic development in the country. Rural development incorporates the development of agriculture and allied occupation. During the plan period, effort have been made to promote agriculture by providing massive doses of investment, payment of subsidies, supply of inputs and extension network. But the benefits of agriculture growth have not 'trickled down' either to improve the economic condition of the farming class or the people depending upon agriculture for their subsistence. The overall development of the economy is not very much influenced by the

growth of agriculture. In view of this, a balanced development of agriculture and industry is mooted. India being an agriculture economy, setting industry that make use of the produces of agriculture, directly or indirectly are considered more desirable in the context of the economic development of the country. Such a development has a two way effect. First, agriculture helps agro related industries to make use of the raw materials directly supplied by this sector. Secondly, agriculture facilitates the growth of those types of industries, which produce several inputs like fertilizer, pesticides, agricultural implements that help to promote the productivity and expansion of agriculture.

In a developing economy like India, these agro-based industries have been assigned a distinctive role in the rural development planning process of the country. The relevance of agro-based industries is enhanced in a situation where country's economy is facing the problem of population explosion on the one hand and scarcity of capital on the other. Under these circumstances the immediate problem before the country is to create "capital saving" and "labor-absorbing" employment opportunities particularly in rural areas. Rural economy cannot be developed only by the increase in the productivity of agriculture. The development of agriculture will not doubt go a long way in providing the rural economy; but in addition, we have to emphasize rural industrial and subsidiary activities for a rapid transformation of our rural economy. According to NSS and Census Data, nearly a quarter of rural labor force is employed in non-agricultural activities. Their economic status can be improved only by increasing non-form activities particularly rural industries.

The logic of developing agro-based industries by underdeveloped or the developing economics rests on the fact that the export potentiality of processed agricultural product is much higher than the raw products. Due to poor terms of trade for the agricultural products of the so-called developing countries, the growth of agriculture is very slow. Processed products can reduce this to some extent because of the cheap labor costs involved in processing the raw agricultural products in the developing countries. Agro-based industries play a vital role in the development of rural economy on which that of the national economy depends, since it is largely an agrarian one. Agro-based industries help to improve the state income and facilitating an equitable distribution of the same among different sectors and regions in economy. Furthermore, they help to promote decentralization of development in the economy. Large-scale employment opportunities are generated by these industries on one hand, and on the other hand contribute enormously to the process of self sustained growth. The

economic prosperity of a developing economy depends on the forward and backward linkages of development process. Agro-based industries help to develop the same on the large scale by maximizing mutual complementarity of agriculture and industry. Agricultural productivity can be enhanced through a variety of inputs of industrial origin, which include fertilizers, pesticides, equipments and agricultural tools etc. Agriculture at the same time supplies to the industrial sector with wage goods as well as rawmaterials. Agro-based industries are instrumental in harnessing the dormant potentials of agriculture and industry and through their mutual integration; they accelerate the pace of rural development.

In a developing economy, list of benefits of agro-based industries is comprehensive in nature. Besides generating employment potential with a limited range of fixed capital. It creates an atmosphere of developing indigenous entrepreneurship in the country and contributes to the growth of active middle class. It facilitates effective mobilization of resources of capital and skills, particularly in the countryside which otherwise remain unutilized. Agro-based industrial units help in developing industrial dispersal with their greater vocational flexibility and it can exploit the local resources at their optimal point with a greater advantage. Agro-based industries in rural areas also serve a check on migration of youth from rural areas to large cities and provide avenues of work in close proximity to the places of residence.

In an empirical study an attempt has been made to examine and evaluate the determinates of agro-based industrialization, their backward and forward linkage in different type of industries. It has also been examined whether the income and employment opportunities by exploiting locally available resources in a better way and reduce the disparities in income and wealth in the society. Further an attempt has also been made to investigate the dispersal of industrial activities and their contribution in balanced rural

developing. The board objective of this empirical study to indicate a strategy of industrialization by which this region morass of poverty & unemployment and regional disparities may be narrowed by having a comprehensive rural development in the area.

This study was planned as a micro study in the form of a case-study and covers the district Bulandshahr of Western Uttar Pradesh. The study includes categories of industries in drawing out random samples from the universe (i.e, District Bulandshahr). In order to evaluate the impact of agro-based industries on rural development, four categories of agro-based industries have been selected which are as follows:

- a) Sugar Industries
- b) Dal Mills
- c) Flour Mills
- d) Rice Mills

2. THE EXISTING INFRASTRUCTURAL PATTERN FOR AGRO-BASED INDUSTRIALIZATION: SOME EMPIRICAL OBSERVATION

During primary investigation, it was observed that barring a few blocks in district bulandshahr agro-based industries have not properly come up because of many infrastructural constraints.

In Bulandshahr district, the transport and communication system is not fully developed ever after the planned economic development of about five decades in the area. Due to inadequate transport facilities & metal roads in rural areas much time is wasted in transportation of raw material and products.

Some key raw materials are not available in adequate quantity in local areas. Supply bottlenecks of raw materials keeps the machinery & equipments under utilized. Moreover entrepreneurs do not get updated

Table : 1
Section of Village / Town

Name of place of Agro-Based Industry	Village (Block)	Covered Industrial Units
1. Sugar Industry	(A) The Kishan Cooperative Sugar Mills Ltd.Jahangirabad	01
	(B) U.P. State Sugar Corp. Ltd. Bulandshahr	02
	(C) Agota Sugar and Chemicals, Aurangabad	01
2. Dal Mills	(A) Jaimata Dal Mill, Sikandrabad	02
	(B) Ramchandra Agarwal Dal Mill Bulandshahr.	01
	(C) Khaitan Dal Mill, Bulandshahr	02
3. Flour Mills	(A) Rai Barali Flour Mill Bulandshahr	01
	(B) Buland Flour Mill. Bulandshahr	02
	(C) Rama Rular & Flour Mill Bulandshahr	03
4. Rice Mills	(A) Vimla Devi Rice Mill Khurja	01
	(B) D.P. Rice Mill. Bulandshahr	01
	(C) K.S. Udhog Khurja	02

information regarding the markets for raw materials and end products causing the problem of disequilibrium between demand and supply aspects.

A good marketing net work was found missing in the area. Agro-based market demand was not properly assessed before establishing agro-based industrial units in the area.

Banking, infra-structure and malpractices prevailing therein can be said financial constraints, which were observed hindering the growth of industries in general and the agro-based industries, in particular.

Power deficiencies were found one of the most serious constraints adversely affecting the industrial units in the district. Regular power supply with full & stabilized voltage was not found ensured for agro-based industrial units.

The non-existence of entrepreneurial class was observed in most of the block. Lack of institutions providing technical training and skill found responsible factor for not generating technological attitude in the area. The infrastructural bottlenecks in the district also fail to attract entrepreneurs from neighboring districts.

Lack of organization support and guidance was observed in the area District industries center of Bulandshahr was not found as effective as it was supposed to be.

Shortage of skilled manpower poses serious problem for entrepreneurs. Productivity level, product quality, per unit cost becomes adversely affected when locally available unskilled laborers were put to employment in industrial units.

3. CONCLUSION

With these infra-structural deficiencies, absence of healthy industrial climate was observed in the district. Entrepreneurial skill & its availability, favorable industrial policy, infra-structural facilities like organized market of raw credit, transport & power facilities etc. are pre-requisites which should be fulfilled for accelerating mini industrialization. Unfortunately majority of these pre-requisites were insufficiently found available in the district Bulandshahr excepting abundant supply of unskilled labor.

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