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STRATEGY AND ROLE OF AGRO INDUSTRIES FOR GENERATING EMPLOYMENT IN RURAL INDIA

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In a strategy aiming at diversification of rural economy, agro-industries are destined to play major role. Development of agro-industries can go a long way in reducing unemployment and under-employment and raising the standard of living in rural areas. Agro-industries would provide employment to rural people, help increase their income, improve their dietary intake and prevent exodus of people from rural areas to urban areas. A close collaboration between industry and agriculture is needed for rapid economic development. In this way agro based industries helps industry and agriculture where both take the benefit of their mutual existence. The complementarity of the two sectors makes the pace of economic development rapid and cumulative.

Industrial development in turn also induces agricultural development. Industry supplies basic raw materials and tools which are so important for agricultural development. With industrial development and corresponding expansion of markets for agricultural products, adoption of improved agricultural efficiency and reduction in the cost of production, there is an increase in agriculture income of the farmers and this in turn leads to further improvement in agriculture. Development of these two sectors has a complementary character, growth of one being a pre-condition and cause of the other. In short agriculture meets the growing need for raw materials in industries and for food by industrial labourers. Industrial growth makes feasible greater per capita domestic consumption and greater absorption of agricultural labour force. The transfer of labour from agriculture to the high productivity industrial sector itself becomes a source of economic development.

In developing economies like India, two-third or more of the population live in rural areas and their main occupation is agriculture. In Guatemala, Thailand, Pakistan, Malaya and Equador more than 80 per cent of the population is engaged in agriculture. The rural population accounts for about 72 per cent of total population in India. Thus, the problem of development in such countries is that of rural development. As such, a programme of industrialisation must give due consideration to the development of rural areas. It is, further, important to combine agriculture and industry in such a way that there is on one hand, development of rural economy and on the other hand, the village culture and tradition is also preserved. It requires that industries should be based on the resources locally available. In rural areas, resources mainly come from agriculture. As such, industries should be based on agriculture known as “Agro-Industries” or

“Agro-based Industries”.

Therefore, development of agro industries also brings forth progress in agriculture sector too. The two are complementary to each other and make the process of development speedy and cumulative. This fact is to be appreciated, if one strives for rural transformation. If a country is seeking rural development, it should give priority to agriculture and its modernization with new technological inputs. It will lead to improvement in the economic conditions of the rural masses and raise their standard of living. The increase in purchasing power of the rural masses will provide a larger market for products of the industrial sector leading to industrial development. In this sense, industrial expansion is likely to proceed at a slow speed due to lack of sufficient purchasing power in the hands of the people unless agriculture is modernised substantially. The problem facing the developing economy is, therefore, not one of the choice between primary and secondary activities but rather one of ensuring the balanced expansion of all sectors of the economy. Thus, agro based industries implies an increasing diversion of labour from agriculture to non-agricultural sector i.e. industry and tertiary sector. This requires that agriculture not only provides a surplus of food for the urban population but also provides raw material to agro industries as well as small industries. As such, agro based industries assume paramount need particularly in the developing countries like ours.

ROLE FOR RURAL EMPLOYMENT

The significance of the present study can be depicted from facts :

1. Agro-industries play a vital role in economic development. They serve as a means by which there can be an equitable distribution of national income. They lead to an efficient decentralisation of the economy. They generate employment opportunities on large scale and contribute significantly to the process of self-sustained economic growth.
2. The economic prosperity of an agrarian economy depends on the forward and backward linkages of the development process. Agro-industries lead to the creation of both forward and backward linkages on large scale by maximising mutual complementarity of agriculture and industry. Improvement in agricultural productivity depends on a variety of inputs of industrial origin including fertilizers, power and tools and techniques, while agriculture in turn supplies to the industries not only wage goods but also raw material. According to an estimate by the Food and Agricultural Organisation (FAO) these industries account for about half the total value added and almost two-third of the employment in the developing countries. They have special significance in India in order to bring about smooth transition from traditional to modern industry. They account for major share in the total industrial output in India. They contributed about 60 per cent of the total industrial output during early fifties but the same has now declined to 33 per cent.
3. Agro industries also help decentralise the development process leading to peaceful and concurrent socio-economic development of all classes. Our planners laying accent to the key

industries failed to appreciate this fact the committed blunder of creating petty islands in the sea of stagnation. Gunnar Myrdal in his 'Asian Drama' warns that "South Asian countries now run the risk of creating petty islands of highly organised western type industries, that will remain surrounded by a sea of stagnation. If this fate is to be averted, industrialisation must be so directed and so complemented by policies in other fields as to permit simultaneous development outside the sphere of modern large scale industries".

4. Agro-industries serve as means for decentralised development. They, further, by increasing agricultural income "enhance self-confidence among farmers that is so needed in building up industrial and business leadership from the village. With agro-industries not only the rate of capital formation is accelerated but there is also an automatic diffusion and dispersal of wealth. Virtually demolished and ruined during the Second World War has turned into a workshop of the world today. It may be taken as an eye-opener in India having bulk of rural labour force and growing, inequalities in the distribution of income and wealth.

5. Agro-industries have the advantage that they can be established near the source of raw materials. There is, thus, reduction in cost of production and profitability is increased. As a feedback effect, agricultural productivity increases making agriculture an economic proposition. Availability of improved farm inputs and farm implements owing to agro-industries also helps increase agricultural productivity. Agro industries have paramount importance in machination of agriculture. The inputs supplied by these industries act as a pre-condition for rapid and sustained agricultural growth. Thus, these industries function as a catalytic agent to bring about take off in agriculture and ultimately in economy as a whole. As agro-industries use indigenous raw materials and technical skills they reduce pressure on foreign exchange requirements.

6. Agro-industries assure a ready market for the farm products and thus stabilise farm's income. The human and material resources of the country can, thus, be utilised in a better way by developing agro-industries. For example, sugarcane can be utilised more effectively if crushers are installed at the sugarcane field. This would save the transportation cost and also prevent transit loss. Development is a multi-sectoral process. As such, rural development implies simultaneous development of agriculture and industry. Agro-industries by leading to mutual development of agriculture and industry pave the way for rural development.

7. Excessive pressure on agriculture comes in the way of alround and balanced economic development in a developing economy. Excessive dependence on agriculture forms a vicious circle and leads to unemployment, low productivity, low income and consequently low saving and low investment. Agro-industries create opportunities to absorb surplus labour in agriculture and thereby helps break the vicious circle of rural poverty. By increasing agricultural income, it makes farmers go for innovation and new technique of production to raise farm productivity. With the development of agro-industries there is not only an increased supply of agricultural inputs and farm implements but also an encouragement to farmers to step up the output in view of the increase in demand. It has been the experience of countries like Japan, Taiwan, Denmark

that agro-industries give considerable fillip to farm productivity by encouraging the use of improved technology by farmers community.

8. Agro-industries also act as catalytic agents for the development of infrastructure in rural areas besides bringing prosperity to rural areas through a desired 'push to agriculture'. As a result, the gap between rural areas and urban areas is narrowed. Agro-industries need to be looked upon primarily as an agency to pave the way for occupational shifts and for creating new social groupings which would form the basis for creation of necessary social, cultural and psychological premises for modern industrial society.

9. Development of agro-industries is also needed to check migration of the people from rural areas to urban areas. With the establishment of agro-industries, employment opportunities are made locally available and this brings about a check on the mass exodus from rural to urban areas. Agro-industries, thus, preserve the village where lives a deep rooted and closely knit society which has a more definite image than the amorphous urban conglomerate pressure of population on agriculture. This surplus manpower must be fully exploited by organising agro-industries in order to avoid serious damage to the economy. Gainful utilisation of this manpower has been one of main objectives of various Five Year Plans in India. Agro-industries would also make it possible to lessen the pressure of population on agriculture and increase agricultural productivity. The path of smooth development would, thus, be paved.

10. One imperative need for the creation of more agro-industries is to mitigate the unemployment of all forms in our country. It can be emphasised that the first objective in a sensible society must be the full employment of man. It is the most basic and elementary need if we are to work for the organised growth of the community as a whole. The root cause of all diseases in a society can be found in the vulnerability of the unemployed and underemployment manpower to exploitation by disgruntled politicians as an explosive ammunition.

11. The position of the rural underemployment is quite serious. Nearly 4 per cent of the rural population appears underemployed. It is this underemployment among a very large section of the rural population which is the crucial problem of the Indian economy. It is also the source of overt unemployment which appears in the organised or urban sector because when the rural underemployed overflows into the urban area, it is converted into overt unemployment. It is not necessary that all those who are presently underemployed should leave their villages and accept work on roads or soil and water conservation projects. Even if about one-fifth of them accept such work on a full-time regular basis, the others will have to find adequate employment in agriculture and related activities in villages.

12. Agro-industries can do their might by laying a strong foundation of decentralised industries located in the rural areas which use locally available raw materials and the indigenous technical know-how. The educated unemployed, technicians, engineers, chemists, etc., can be absorbed by these industries. This paves the way to divert the urban unemployment towards the rural areas, thereby reversing the present mode of industrialisation which is attracting the rural youth to

urban areas. The educated rural youth can easily be absorbed by these industries because they are well versed with the local conditions and their local influence and proximity with the local population may give a moral boost for these industries.

CONCLUSION

In net shell, it may be observed that agro-industries can play a significant role in around development of the country. It helps increase agricultural prosperity and agricultural production, support agricultural income, absorb surplus labour force in the rural area and helps to solve the problem of unemployment and under-employment and lead to the decentralisation of the process of production thereby helping in the reduction in the distribution of income and wealth. Development of agro-industries thus makes smooth economic development possible by bringing about prosperity and improvement in the standard of living in rural areas.

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