



**A CRITICAL ANALYSIS OF THE ROLE AGRO-INDUSTRIES IN INDIA
(OPPORTUNITIES & THREATS)**

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ABSTRACT:

Agro-industries play a vital role in strengthening industrial and agricultural linkages. It creates new opportunities for employment, increases rural incomes and creates demand for service sector through creating marketing infrastructure. Agriculture is one of the major raw material providing sector for major industries like paper, sugar, Textiles, Fertilizers, Chemical, edible oils etc. It plays an important role in solving the problem of poverty, unemployment and inequality in India and can significantly contribute to the development of the economy by efficiently utilizing raw materials. However it has several challenges as well. The paper discusses the role of Agro-industries in the development of Indian economy and also throws light on the challenges.

INTRODUCTION

Agro-Industries are these industries which depend on agricultural products as raw materials. For example Cotton, Textile industries use cotton as raw materials and then process them to make dresses. Jute Industries, sugar industry, food processing industry, Paper Industry, and Industry etc. textile industry is the largest industry in the organized sector. Agriculture and industry both are complementary to each other. Agriculture provides raw materials to the industry and industry provides output to enhance the production.

The Growth of agro-industries create greater opportunities for industrial growth as well as integration of different sectors of the economy. Agro industries may be clarified into two categories namely food processing industry and non food processing industry. Food processing industry mainly deal with the preservation of perishable products and utilization

of by products for other purpose. These types of industries include the processing of wheat, rice, maize, barley, pulses, meat, fruits, vegetables etc.

Agro based industries are seen as an important link between agriculture and industry which can solve inherent problems prevailing in the Indian agriculture India is one of the largest producer of food and it is also the largest producer of milk, Sugarcane and tea. It is 2nd largest producer of rice, wheat, fruits and vegetables. In India 70% of population depends on agriculture and agro based industries?

The development of agro-processing industries implies the development of agriculture on one hand and the entire set of industries, linkages and investments that later to the demands of the masses with improving incomes and environment on the other. It creates space for improving from industry linkages along with great export potential Agro-based industries well as under employment especially among landless agricultural labour and tribal population. It helps in the direction of reducing extreme poverty and inequalities of income and wealth both in rural areas and in the direction of establishing socialist pattern of society.

MAJOR TYPES OF AGRO BASED INDUSTRIES:

- i. Cotton Textiles.
- ii. Woolen Textiles
- iii. Silk Textiles
- iv. Synthetic Fibres.
- v. Jute Textile Industries.

Textile industry occupies unique position in the Indian economy because it contributes significantly 14% to industrial production, employment generation of 35 million persons and 24.6% Foreign exchange earnings. It contributes 4% towards GDP.

Cotton Textile:

In ancient India, Cotton Textiles were produced with hand spinning and handloom weaving techniques. After 18th Century, Power looms came into use. Our traditional industries suffered a setback during the colonial period because they couldn't compete with the mill made clothes from England, Today, there are nearly 1600 cotton and human made fibre textile mills in the country. About 80% of these are in the private sector and rest in public sector.

India has world class production in spinning but weaving supplies low quality of fabrics as it can't produce much of the high quality yarn produced in the country, weaving is done by handlooms, power loom and in mills. The hand spun Khadi provides large scale employment to weavers in their homes as a cottage industry. India exports yarn to Japan,

other important importees of cotton goods from India are USA, UK, USSR, France, East European countries, Nepal, Singapore, Sri Lanka and African countries. India has second largest installed capacity of spindles in the world, next to China at around 34 million in 2003-04. Since mid eighties, the spinning sector has received a lot of attention. we have a large share in the world trade of cotton yarn, which is one forth of the total trade.

JUTE TEXTILES

India is the largest producer of raw Jute and Jute goods and stands at second place as an exporter after Bangladesh. There are about 70 Jute Mills in India. Most of these are located in West Bengal, mostly along the banks of the Hugli river due to proximity of Jute producing areas, inexpensive water transport, supported by good network of railways and water ways to facilitate movement of raw materials to mill, cheap labour from West Bengal and adjoining States of Bihar, Orissa and Uttar Pradesh.

National Jute policy was formulated with the objective of increasing productivity, quality, improvements, ensuring good prices to Jute farmers and enhancing the yield per hectare. The growing global concern for environment friendly, bio-degradable materials has once again opened the opportunities for Jute products.

SUGAR INDUSTRY

India stands second as a world producer of Sugar but occupies the first place in production of 'GUR' and Khandsari'. The raw material used in this industry is bulky.

There are over 460 sugar mills in the country. The industry is seasonal in nature so it is ideally suited to the cooperative sector. The major challenges include the seasonal nature of the industry, old and inefficient method of production, transport delay in reaching sugar cane to factories and the need to maximize the use of baggage.

THE CHALLENGES FACED BY AGRO-BASED INDUSTRIES

We can identify one of challenges being faced by these industries. These are as follows:-

- i. The absence of information, lack of awareness about opportunities and limited knowledge about technology and production system is a major entry barrier for rural entrepreneurs.
- ii. Under the prevailing conditions. The productivity of rural labour is low and the marginal lower wage rate in rural areas do not compensable for this low productivity.
- iii. It is the organizational Institutional mechanism that translates policies and programmes into reality unfortunately, the rural entrepreneur is left without support system of any significance.

- iv. Rural employment generation strategy should have taken the cognizance of the agro-industries linkages and paid greater attention to dynamic efficiency in rural sector. But the policies towards the villages and small industries neglected promotion of such industries in rural areas.
- v. No positive effect was made to involve the rural elite, these who possess capital and human resources to catalyze the developmental process.

SUGGESTION FOR THE DEVELOPMENT OF AGRO-BASED INDUSTRIES:-

A strategy of development of agro-based industries should consist of the following ingredients:-

- i. The growth and expansion of agro-based industries should form an inseparable part of the overall programme of economic and Industrial development of the country.
- ii. The related groups of agro-based industries should be setup in a coordinated manner so that utilization of by products is simultaneously possible.
- iii. Advance management and marketing methods should be introduced to promote export of agro-products.
- iv. It has been observed that agro industries have immense potentialities of generating employment opportunities. It ensures all round prosperity in rural areas providing inequalities etc. As such agro-based industries should be developed in a massive way.

The foremost difficulty that the entrepreneurs of agro industries have to face is that of meeting capital requirements. They have to depend on non-institutional source of finance for arranging necessary finance for starting and running their units and in the process they have to part with major share of their surplus in repaying loans.

v. Almost all industrial units have been found to be industrial. It has also been found that most of other problems of agro-industries are linked with inadequate availability of finance and difficulty in obtaining it. Arrangement of finance at easy terms and conditions is absolutely essential for smooth growth of agro-industries. Even though there are many Govt. agencies and financial institutions created to cater to the financial needs of agro-industries but availability of such finance is very inadequate. Flow of institutional finance is discriminatory against small industrial units. Further it is a long procedural process and corruption.

CONCLUSION :

Attempt should be made to ensure adequate availability of institutional finance to agro-industries and its flow should be simple and quick in order to free them from the clutches of private money lenders.

Arrangements may be made to deliver institutional finance in the location of industrial units. Entrepreneurs may be made aware of institutional finance through propagandas, advertisements and link agencies.

Introduction of modern technologies are required to be brought in the main stream of industrialization by helping them to adopt new technology free technical education and training facilities may be made available at local level so that entrepreneurs get themselves acquainted with modern technology. Frequently tripping power supply is a major barrier in this regard. Government should ensure uninterrupted and adequate power supply.

In order to promote agro-industries of unconventional nature, the prospective entrepreneurs may be provided besides training with special projects and details about the working of industries. Field expected from them and difficulties likely to come in the way of operating them. Workshops may be arranged to local level to promote entrepreneurial activities.

The measures suggested above, if implemented sincerely, can ease out the problems of agro-industries and help their development to large extent. What is required most is positive approach on the part of Government and financial and other institutions towards the growth of agro-industries.

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