

In a typical indian village economics essay



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With a population of just over 1.2 billion, India is the world's largest democracy. In the past decade, the country has witnessed accelerated economic growth, emerged as a global player with the world's fourth largest economy in purchasing power parity terms, and made progress towards achieving most of the Millennium Development Goals. India's integration into the global economy has been accompanied by impressive economic growth that has brought significant economic and social benefits to the country. Nevertheless, disparities in income and human development are on the rise. Preliminary estimates suggest that in 2009-10 the combined all India poverty rate was 32% compared to 37% in 2004-05. Going forward, it will be essential for India to build a productive, competitive, and diversified agricultural sector and facilitate rural, entrepreneurship and employment. Encouraging policies that promote competition in agricultural marketing will ensure that farmers receive better prices.[1]

India's agriculture sector has an impressive long-term record of taking the country out of serious food shortages despite rapid population increase. The main source of long-run growth was technological augmentation of yields per unit of cropped area. This resulted in tripling of food grain yields, and food grain production increased from 51 million tonnes in 1950-51 to 217 million tonnes in 2006-07. India is the largest producer of milk in the world and second largest producer of food grains, sugar cane, fruits and vegetables in the world. But till in India the processing of agro-produce is very low, Fruits and Vegetables (2.2%), Poultry (6%), Milk (35%) as compared to developed countries (60 to 70%)[2]. In nearly three decades, the structure of rural employment has not changed much.[3]

According to the NSS figures, agriculture continues to employ 70% of our rural workforce, industry (14.4%), and services (14.8%) make up for the rest. However, in view of the decline in agriculture's contribution to GDP and the near constant proportion of workers dependent on it, there is need for rapid generation of employment. The real potential for employment generation, however, rests with the agro-based industries. In developing countries like India, agro-base industry is a very important arm of the manufacturing industry to build on the industrial capabilities.

In a typical Indian village, economic activities were generally associated with a particular 'caste' and community, which has practiced a particular profession for generations.[4]The nature of activity undertaken was, in general, hereditary and occupational mobility within the village nearly non-existent. Generally, each village had at least one household each of blacksmiths, carpenters, weavers, potters and those engaged in oilseed crushing. Agricultural and non-agricultural activities had direct and strong organic links within the village. Landowners needed manpower to cultivate their lands and help them in the household. They also needed professionals to take care of their plough and other agricultural implements; in return, the village artisans were paid in the form of grains and other farm produce each season. The relationships, sanctified by socio-economic traditions, were thus institutionalized. A typical Indian village in this sense was an organic whole, in which, while each activity had its own distinct identity, there was a considerable degree of inter-dependence.

Importance of agro-processing sector was first realized and documented after the disastrous famine of Bengal during 1870's. Report of the Famine

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Commission, set up by the British Government, in its report submitted in 1880, clearly stated the need for agricultural improvement and improved post harvest infrastructural development specifically, rail network. Need was also felt for incorporating chemical interventions in the agricultural sector and precision farming through agricultural mechanisation manned by engineers. The Royal Commission on Agriculture setup by the British government, conducted a detailed study. In its report published during the year 1928, it called for scientific approach to the sector and stressed for developing rural industries and cooperatives. Realizing the importance of the agro-processing sector for rural development as a tool for POORN SWARAJ (complete self rule), Mahatma Gandhi during 1930's promoted CHARKHA (spinning wheel) and balanced nutrition by setting example and writing articles in his famous magazine " Harijan". It was continued by his followers namely, Narhari Bhave, Binoba Bhave and Jay Prakash Narayan. They promoted self-dependence through KHADI and village industries. The R&D institutions developed by the British for taking care of agricultural and rural industries included: The Imperial Agricultural Research Institute, Pusa; Indian Veterinary Research Institute, Mukteshwar; Dairy Research Institute at Bangalore; Poona Agriculture College; Public Agriculture College, Saidapet (Madras); Sibpur Engineering College (Bengal) etc. Horticultural Research Station was created at Chaubatia (U. P.) in Kumaon Hills for horticultural research including packaging and transportation improvements.

After India's independence the Congress Party constituted the Economic Programmes Committee to provide a broad direction to the Congress Governments at the Centre and State levels. The Committee, headed by

Jawaharlal Nehru, reported in January 1948. In its recommendations on industries it observed: Industries producing articles of food and clothing and other consumer goods should constitute the decentralized sector of Indian economy and should, as far as possible, be developed and run on a cooperative basis. Such industries should for most of the part be run on cottage and small scale basis. This was a large area earmarked for rural, cooperative and small scale industries. The general direction indicated for state intervention was for imposing restrictions on large scale manufacturing of most consumer goods while extending support to traditional systems of production.[5]

India witnessed rapid growth in agro processing sector specifically during 1980s. It followed the first phase of the Green Revolution that had resulted in increased agricultural production and the need for its post harvest management. The importance of the sector was realized by the business community leading to diversification from grain trading to processing. Lead was given by the rice processing industry, followed closely by wheat milling, paper and pulp industry, milk processing sector, jute industry, sugarcane processing and oils extraction through solvent plants. In some areas like the solvent extraction industry, the growth in installed processing capacity has been far higher than the supply of the raw materials. However, in other areas like fruits and vegetable processing, the growth has not been encouraging on account of poor demand for processed products by the consumers. In such cases, the industry has also not been able to develop the demand adequately.

After globalization and foreign direct investment in food sector number of multinational companies entered in Indian market processing fruits, grains, vegetables and selling in India and outside countries. As an example these companies selling their potato chips with Rs. 300/kg and Tomato ketchup Rs. 120/-kg but till farmers selling their potato and tomato Rs. 7/kg to Rs. 15/ kg. Whether this approach would yield the desired results in the form of either increased employment opportunities, particularly for women and rural youth, or enhanced exports. On the other hand, there is a possibility that many small and local establishments may get adversely affected.

What is needed is a fresh and comprehensive approach, integrating the development of villages with agro- base industries, with larger involvement of the farmers in processing their own produce. In a democratic set-up, one cannot ignore development of the majority of the people or keep them on subsidies. The fact also remains that Indian population is so distributed that migration from agriculture to industry or from rural to urban centers or from densely populated areas to scarcely populated ones is not an easy and sustainable alternative. Besides the physical dimensions involved, the very characteristics of the population are such that there are clear linguistic barriers, which limit large scale population migrations. Gainful employment to the rural people has to be provided in their own locale. Viewed in this perspective, agro- base industries as a concept have to be dealt with very differently from the past approaches, policies and programmes or other industries.

Properly developed agro-base industries in rural areas of India create more employment opportunities in rural areas as well as it helps to get good prices

to farmers for their agriculture produce, which reduces the farmers suicides and improves agriculture GDP. To establish and run economically viable small scale agro-base industries and to utilize available agriculture resources there was need to do research in this area. This research on “ A critical study of organization structure, problems and future of small scale agro-base industries with special reference to Ahmednagar district” will guide in this area.

1. 2 NEED OF STUDY

India is the largest producer of milk in the world and second largest producer of food grains, sugar cane, fruits and vegetables in the world.

But till in India the processing of agro-produce is very low, Fruits and Vegetables (2. 2%) Poultry (6%) Milk (35%) as compared to developed countries (60 to 70%).

There was need of the research to know the facts about underdeveloped agro base industries.

Also review of literature clears that Organization Structure is highly important for the industries. But research in the area of organization Structure of Small Scale agro-base industries is not done.

The postharvest losses of agro-produce are more in India, due to this farmers not getting right price to their agro-produce which causes poor economical condition of farmers.

Properly developed agro-base industries can make India a major player at the global level for marketing and supply of processed food, feed and a wide range of other plant and animal products

In this view there is need to understand working of small scale agro-base industries and problems faced by these industries. Therefore the present study on “ A critical study of organisation structure, problems and future of small scale agro-base industries with special reference to Ahmednagar district” assumes much significance and has more relevance.

1. 3 STATEMENTS OF THE PROBLEM

To what extent Organizational structure affecting the performance of small scale Agro-base industry.

What are the problems faced by small scale agro-base industries?

What is the future prospectus of agro-base industries in India?

1. 4 OBJECTIVES OF STUDY

To study Organization Structure of Small Scale Agro-base industries.

To analyze the problems of small scale agro-base industries.

To study working of small scale agro-base industries.

To study future prospects of small scale agro-base industries.

1. 5 HYPOTHESIS

Organization structure of small scale agro-base industries and its Profits are co-related.

The profitability of small scale agro-base industries and the problems faced by these industries are co-related.

Timely suggested measures promote growth of small scale agro-base industries.

1. 6 SIGNIFICANCE OF STUDY

Encouraging growth of Small Scale Agro-base industries: This research identifies the various factors related to organization structure which affects the performance of the small scale agro-base industries. It also provides solutions to the problem so that performance of the organization will going to increase.

Rural Employment Generation: The study will be helpful for development and growth of small scale agro-base industries, which will creates employment for Rural People.

Rural Economical Development: The agriculture produce by the farmers will be used for Agro-process industry in the village itself, which gives better prices to the crop, which causes Economical upliftment of farmers.

Assessment of the problems: This study assesses the problems encountered by entrepreneurs to establish their small agro-base economically viable Business Units.

A developed agro-base industries will help to overcome the biggest challenges in front of India

Low farmer income and high subsidies

High wastage along the value chain

Poor hygiene and safety standards

1. 7 RESEARCH METHODOLOGY

Research Methodology decides the territory of proposed study and gives information to the readers about adopted process of analysis for the respective study. This includes aims for which the study is undertaken. This also clarifies time, scope, data sources etc. of proposed study. Another significant aspect is tools and techniques which are used for the study. In brief this chapter helps to the researcher to decide his path of research work. In the light of the above, the research study has been undertaken to study the selected small scale agro-base industries to know, which organization structure used by small scale agr-based industries and problems faced by these type of industries. The other individual benefit of undertaking this research to the researcher is to grab an opportunity to meet and discuss with the entrepreneurs, academic Professional, Govt. Officials, regulatory Bodies of Government, Executives, State Government Officials, The research will help to small scale entrepreneur, the academic research scholars, policy makers, students and Government Officials to gain an insight into problems and future of small scale agro-base industries.

To conduct the research on the subject titled “ A Critical study of Organization Structure, Problems and Future of Small Scale agro-base industries with special reference to Ahmednagar district” the following thought provoking objectives were framed.

1. 7. 1 AREA OF STUDY,

AHMEDNAGAR DISTRICT, MAHARASHTRA, INDIA

The area of the study covers Ahmednagar district of Maharashtra state.

Ahmednagar is the biggest district of Maharashtra in terms of area. The total geographical area of the district is 17. 41 lakh ha. The net cropped area is 12, 56, 500 ha, out of which an area of 3, 30, 000 ha. (26. 27 %) is under canal (84, 000 ha) and well irrigation. About 9, 26, 500 ha.(73. 73 %) area is rain fed. The area under Kharif crops is 4, 60, 000 ha. (36. 6 per cent) while 7, 58, 000 ha (60. 32 per cent) area is under Rabi crops. A multiple cropping system is followed on 1, 10, 500 ha. area. A total of 8. 73 per cent area of the district is under forest. As per census 2011 the population of the district is 45. 43 lakhs. Agriculture, horticulture, animal husbandry and dairying and non-farm activities are the enterprises predominantly existed in the district. The district economy is mainly dependant on co-operative sector. Ahmednagar is a pioneer district in co-operative development and in upliftment of sugarcane cultivators through the sugar factories. Similarly dairy co-operatives have also developed as a secondary movement for the benefit of the dairy farmers. Fourteen co-operative sugar factories, 9310 co-operative societies, 1281 co-operatives dairy societies and 4 fruit and vegetable co-operative societies are the backbone of the district providing impetus to the rural economy. The irrigation water co-operatives and transports co-operatives are also playing an important role in the district.

Based on prevailing agro-ecological situations, socio-economic status, livestock and other related factors about agriculture and allied enterprises,

the district has ample scope for utilization of raw material to promote agro based industries in rural youth.

1. 7. 2 SAMPLE DESIGN

The study has covered industries which mainly depend for their raw materials on agricultural products According to MSME act 2006, Govt. of India defined the small scale industries are the industries having investment in plant and machinery are above Rs. 25 lakhs and upto Rs. 5 crore .

1. 7. 3 UNIVERSE

The universe under the present study spread over Ahmednagar district in Maharashtra. It covers all agro-base industrial units having investment in plant and machinery is above Rs. 25 lakhs and upto Rs. 5 crore for units established after 2006, which are working at the time of survey and are registered with District Industries Centre. Large scale agro-base industries, Medium Scale Agro-base Industries and Micro industries are excluded from study.

1. 7. 4 SAMPLING PROCEDURE

There are three major types of small scale agro-base industries in Ahmednagar district, that are Dairy based, Poultry based & Food based. A list of total population of these type of industries were collected from District Industries Centre (DIC), Ahmednagar

2. Simple random sampling technique (Lottery Method) is used to select the sample from the population.

1. 7. 5 SAMPLE SIZE

Calculation by Roscoe (1975) rule of thumb

Roscoe (1975) proposes the following rule of thumb for determining sample size

1. Sample sizes large than 30 and less than 500 are appropriate for most research.
2. Where samples are to be broken into subsample (male, Female, Junior, Senior etc), a minimum sample size of 30 for each category is necessary.
3. In multivariate research (including multiple regression analysis), the sample size should be several times (perfectly 10 times or more) as large as the number of variables in the study.
4. For sample experimental research with tight experimental controls (matches, pairs etc) successful research is possible with sample small as 10 to 20 in size.

As per above thumb rule of Roscoe (1975) following sample size taken for the research

The total population of Dairy Based Industries in Ahmednagar district was 50 out of them 30 industries were selected with simple random sampling technique (Lottery Method)

The total population of Poultry Based Industries in Ahmednagar district was 178 out of them 35 industries were selected with simple random sampling technique

The total population of Food Based Industries in Ahmednagar district was 177 out of them 35 industries were selected with simple random sampling technique

1. 7. 6 DATA COLLECTION

Primary Data: Researcher adopted direct Personal Interview method by making well structured questionnaire, direct personal investigation and observation method to collect data. To supplement these researcher had discussions with managers of the units. These methods helped to collect reliable and accurate data from the respondents.

Secondary Data : The secondary data were collected through various research journals, Books, Government reports, News papers, Company reports, Ph. D thesis and Internet..

1. 7. 7 SCOPE AND LIMITATION OF THE STUDY

The study is limited to the small scale agro-base industries having investment in plant and machinery in between Rs. 25 lakhs to Rs. 5 Crores.

Agro-base industries are the industries which based on agricultural produce as a raw material.

The study is limited to Ahmednagar district.

For the study agro-base industries were classified into dairy based industries, poultry based industries and food based industries.

The study covers organisation structure of small scale agro-base industries, problems faced by these industries and future scope in this areas.

As the study is limited to only Ahmednagar district, it may happen some conclusion will not match in other region.

This study is limited only for small scale Agro-base industries.

As the researcher is going to collect information by taking interviews of the owner, it is also possible that some Entrepreneur may not give correct information. Therefore it will affect the conclusion.

Due to business competition and internal rivalry of the companies some officials may be reserved while giving the information.