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Research Paper

ECONOMICS

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Agro-based Industries and Rural Development'

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Introduction: -

The agro-based industries assume grate significance in the Indian economy, where agriculture accounts for over 35 percent of the national income and about two thirds of the working population. We also need to bear in mind that over three-fourths of Indian population live in rural areas. Agro-based industries have great priority in the rural areas since they could be instrumental in fostering strong linkages between the agricultural and industrial sectors and it enhancing the employment potential. The establishment of naturally beneficial linkages between industry and agriculture is one of the central themes of the development process. Agro-based industries play an important role in strengthening industrial and agricultural linkages.

Agro-based industries are these, which are involved in supplying the farm with agricultural inputs besides handling the products of the farm. Agro-based industries are those industries which have either direct or indirect links with agriculture. Agro-based industries must faster the spirit of interdependence between agriculture and industry. Such industries must use the raw materials provided by agriculture and their output must have a market among the rural population. Surplus rural manpower must be absorbed by these industries.

Agro-based industries are these processing industries which use large quantities of agricultural raw materials such as rice milling, wheat flower processing, textiles, sugar, tea, jute, coffee, paper, rubber production etc. These agro-based industries provide an excellent nexus in promoting integrated development of agricultural and industry and in transforming a stagnant rural economy into a dynamic economy.

Taking into consideration the importance of agro-based industries in the rural economy, a number of researcher have worked on the various aspects of agro-based industries such as impact on income of farmers, wages of agricultural labours and agro-based industrial workers, employment, cropping pattern etc. The present paper is also one of such attempts.

Objectives :-

- To study the impact of agro-based industries on income of farmers, wages of agricultural labours and workers employed in the agro-based industries.
- To assess the impact of agro-based industries on cropping pattern and employment.
- To study the effects of the agro-based industry on rural development.

Selection of Agro-Based Industries –

In order to determine the impact of different agro-based industries on Kavathe-Mahankal Taluka of Sangli District. Four agro-based industries were selected out of seven agro-based industries in Kavathe-Mahankal Taluka for the study. These shown on following table.

Sr. No.	Name of the Agro-based Industries	Place
1	Sugar Factory	Kavathe-Mahankal
2	Maize Processing Unit	Ranjani
3	Jolly Board Plywood Industries	Deshing
4	Grape Processing Units	Agalgaon

Selection of Respondents: -

The selection of sample villages, Farmers, agricultural labours and workers employed in agro-based industry in Kavathe-Mahankal Taluka is given the table no.1.

Table No. 1

Sr. No.	Name of Village	Farmers		Agri. Labours.		Workers employed in sugar Factory	
		Total No.	Sample Size 5%	Total No.	Sample Size 3%	Total No.	Sample Size 10%
1	Agalgaon	104	5	127	6	160	16
2	Kavathe Mahankal	91	4	96	5	280	28
3	Dhulgaon	95	5	205	10	100	10
4	Ranjani	110	6	234	12	140	14
5	Shirdhon	103	5	208	11	150	15
6	Hingangaon	175	9	207	11	110	11
7	Deshing	97	5	121	6	170	17
8	Kuktoli	198	10	225	11	160	16
9	Kongnoli	103	5	130	6	120	12
10	Kuchi	114	6	185	9	110	11
	Total	1190	60	1738	87	1500	150

Source: Primary Data based on the field survey.

Impact of Agro-based Industries:-

Impact of Agro-based Industries on Incomes of Farmers -

The impact of agro-based industries on the income of the farmers in selected villages of Kavathe Mahankal Taluka have been analyzed in the Table No. 2.

Table No. 2

Size of the land holding (in acres)	No. of Households	Average income per household in 2006-07 (Rs.)	Average income per house hold in 2010-11 (Rs.)	Increase in average income per house hold by 2010-11 over 2006-07
Less than 5	13	65880	87840	21690(33.33)
5 - 10	12	148750	187000	38250(25.11)
10 – 15	08	180000	240000	60000(33.3)
15 – 20	11	248000	320000	72900(29.03)
20 – 25	06	294000	378000	84000(28.57)
25 – 30	10	394800	535800	141000(35.71)
Total	60	1331430	1748640	417210 (34.34)

Table No. 2 shows that the average incomes of the households incurred substantially in almost all the size of landholdings during the period 2006-07 and 2010-11 the percentage income in the average income per household was highest for those with landholding 5-10 acres. It was the lowest for those with landholdings of 20-25 acres.

In conclusion it may be said that the provision of irrigation and the setting of agro-based industries resulted in an increase of income per acre for all the farmers in Kavathe-Mahankal Taluka.

Impact on wages –

The development of agro-based industries in rural areas substantially increased the wage rates for different agricultural operations. The increases was more pronounced in the case of women and child labourers than in that of men. Obviously the wage differentions were reduced among casual labourers men, women and children to a large extent.

But wage differentials cropped up in a new direction in rural areas i.e. agricultural workers and workers employed in agro-based industries. In brief, the wage rates of all the agricultural workers increased irrespective of the nature of the agro-based industries in rural area.

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Impact on cropping pattern -
Impact of agro-based industries on cropping pattern is significant in Kavathe-Mahankal Taluka. The sugar cane crop become the principle crop after the setting up of sugar factory further it is significant to note that in the year 2009-10, the share of sugar cane increased. The cultivation of land for sugar cane closely related to setting up of sugar factory at Kavathe Mahankal. Some changes in the cropping pattern is attributable to the provision of assured canal irrigation, setting up of sugar factory and this has encouraged the farmers to go in for the cultivation of sugarcane.

The cropping pattern i.e. cultivation of grape and the setting up of the grape processing units go hand in hand. The cultivation of the grape crop is the inducing factor for the establishing of grape processing units. In irrigated areas it is the cultivation of Maize that leads to the setting up of Maize factory. Thus the setting up of agro-based industries need not always be the factor that bring about changes in cropping pattern, but may also be the consequence of irrigation.

Impact on Employment -
The establishment of agro-based industries may be expected to result in the creation of in the farm sector and tertiary sector direct and indirect employment opportunities. The indirect employment creates in the farm sector would mainly be in the form of additional employment generated followed by the changes in the cropping pattern. It has been observed that the tertiary sector developed in the Kavathe Mahankal and that the growth of this sector can be attributed only to the location of the agro-based industries.

The direct employment created by the agro-based industries us classified into different types of jobs. i.e. skilled workers and unskilled workers. In 2005-06 there was 1828 workers employed in agro-based industries and 2010-11 the increase in employment from 1828 to 3000. Increase in direct employment in agro-based industries due to change in cropping pattern i.e. increase in cultivation of sugarcane, grapes, maize etc. and development of agro-based industries in Kavathe-Mahankal Taluka.

Impact on Occupations
Establishment of agro-based industries brought about significant changes in the occupations pattern of the rural population. The impact of the agro-based industries was the most pronounced on the occupational positions of agricultural workers and it was the least in the case of farmers. Consequent on the setting up of agro-based industries there was an expansion in rural areas. In agro-based industries the skilled and unskilled workers were in equal proportions the unskilled workers coming mainly from agricultural occupations.

Overall Impacts –
Consequent on the setting up of agro-based industries and the cultivation of sugar-cane, grape, maize etc. the structure of agricultural out-put in the Kavathe-Mahankal Taluka changed. The growth in industrial and agricultural sectors in rural areas gave an impetus to the growth of the tertiary sector i.e. banking, transport, communication, hotels, Roads etc. The expansion of sugarcane and grape cultivation encouraged the inter-state and inter-district migration of population.

By the operation of the demonstration effect the affluent section of the rural population has been switching over to a new way of life, some of the farmers have required motor-cycles and cars and frequently visit the nearby towns and cities for shopping and entertainment. Many farmers have constructed modern buildings in their villages for residential purposes. Agro-based industries has increased level of income of farmers resulting in their children taking higher education and thus changing the social belief. This has helped in rural developed.

Conclusion –
The agro-based industries have played important role in the rural economy. The role of co-operative sugar factories are also important in rural economy. The sugar factories helped in the development of rural area and providing the employment opportunities. Sugar co-operatives have realized the importance of education and tried to provide educational facilities through opening schools and colleges in the rural area. Many co-operative sugar factories in Maharashtra have setup engineering college's, health centers, co-operative credit societies, consumer stores, technical training centers, super bazaars etc. which are helpful in development.

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