CHAPTER- I

INTRODUCTION

1.1 INTRODUCTION

Rural Development has been receiving attention in recent years from the central as well as State Governments. Very recently a neo-Gandhian approach of development strategy visualized in vision 2020 by Dr. A.P.J. Abdul Kalam the former president of India. Economic upliftment of villages through provision (providing) of Urban Amenities to Rural Area ( PURA Model) became an important consideration. This involves development of agricultural and food processing, agro-manufacturing units, agro-service unit’s provision of electricity power for all parts of rural country in a reliable and quality manner, education and health for all expansion of information and communication technology to rural areas and development of strategic sectors like nuclear technology, space and defiance technology.

In view of its importance to the national reconstruction and development, the present study is micro-level study. Agro based industries play vital role in the development of rural economy.

The study were highlight the focus on agro produce processing units, agro-produce manufacturing units, agro inputs, manufacturing units and agro service centers. These are the most important agro based
industries in Kavathe Mahankal Taluka. This study is covered a period of five years from 2005-2010.

1.2 GENESIS AND JUSTIFICATION OF THE STUDY

In choosing Agro-based industries of Kavathe Mahankal Taluka in Sangli district as the area of research interest researcher has been guided both personal and academic consideration. As Sangli district has been residence and Kavathe Mahankal as origin place of researcher for almost three decades and have better knowledge of agriculture and more particularly agro-based units in Kavathe Mahankal.

Moreover, the present study has its genesis in the researcher’s participation in the agricultural sector and economics teacher since 1992. This has been one of the main reasons for the choice of the topic and there is no more work done on Agro-based industrial sectors in Sangli District.

The research work done so far in the field of agro-based industries mainly deal with their performance and financial aspects. The present study is covering the studies of socio- economic profile of agricultural labourers and agriculturists in terms of their changing cropping pattern, occupational pattern, wages, income, migration etc. The present work cover part from these aspects some of the other relevant factors such as improved employment opportunities, creation of entrepreneurship in rural
areas, and the increasing pressure of demand on labour market etc. The government of India has laid special emphasis on these industries in recent years. It is in this context that the present study assumes importance.

This study is therefore be unique, because of its coverage of various aspects of the rural economy. It highlights and obtains the information about the transformation of the rural economy in the light of occupations, income. Wage employment opportunities, industrial leadership and agricultural development etc. Concerned with the five agro-based industries in Kavathe Mahankal taluka.

In view of the importance of agro-based industries as a micro level study, brief reference to rural agricultural development, cropping pattern, irrigation facilities, financial facilities are necessary to understood. It has been said, in support of agro based industries that because they are labour intensive, they should be developed on a priority basis.

In order to have a better appreciation of the problem and asses the reality of this problems the present research study has the facts and figures referring to the impact of these Agro sectors of rural economy. In this contest the present study considered relevant because it evaluates the impact of agro based industries on the various sectors of the rural economy with reference to Kavathe Mahanakal Taluka of Sangli District.
This type of research work assumes greater importance in the formulation of government policies concerned with rural development.

1.3 STATEMENT OF THE PROBLEM:

Agriculture and Agro Based industries units are the backbone of the country’s economy. They contribute a sizable share not to the countries domestic product but also a major crunch of working population is engaged in agriculture and rural industrial units. In addition to this, it encourages other activities, such as Processing units, service units, trade, commerce and transportation. The Maharashtra is one of the leading states in the country, in agriculture, cottage and small scale units, agro-industrial units, agro plantation and garden crops. The Maharashtra is a largest producer of the sugarcane in the country. Tea, coconut, cashewnut, paper, rice, mango, cardimam, rubber, orange, grapes are important plantation and garden crops. Maharashtra is considered as the Museum of cottage industries due to diverse physical and climatic patterns of the state.

“Of the 350 million people below the poverty line in the country around 300 million are in the rural areas. These consist largely of the landless labourers, small and marginal farmers, rural artisans and other workers”. Over the course of three decades agricultural labourers and marginal farmers have undergone little improvement. Various socio-
economic measures such as land reform measures, minimum wages to agricultural labourers, agro-based industrial workers etc. have not helped to solve the problems of rural poor. Even the spectacular increase in agricultural production in the regions of green revolution has not brought uniform and substantial improvement in the wages of agricultural labourers².

According to the 10th Five year plan growth of agro based industries has been steel concentrated by a number of factors including technological backwardness inadequate and irregular supply of raw-materials, lack of organized market channels, imperfect knowledge of market conditions unorganized nature of operation, inadequate availability of credit constraint of infrastructure facilities including power etc. and deficient managerial and technical skills. All these constraints have resulted in a strewed. Cost structure policy this sector at a disadvantages vis a vis the large industries and linkages with business with in domestic and export markets³.

Industries having backward and forward linkage with agriculture, irrespective of their size and having a direct bearing on agriculture and rural economics life may be placed in the category of agro based industries. Is Industries provide the essential inputs and also function as potential outlets for the agricultural outputs.
Agro Based Industries has play an important role in modernizing the agricultural sector, in raising the incomes of the farmers and in stepping up agricultural productivity. These Industries contribute greatly towards diversification of the rural economy which is the real answer to the twin problems of rural poverty and unemployment. However, over optimization with respective raw material supply and markets has led to widespread underutilization of capacity in agro industrial investment. The relatively poor performance of the rural agricultural related industrial sector can be attributed to the restrictive approach adapted to the problem. The preservation of traditional rural industries is of ten viewed as an objective in itself, without examining their likely role in the process of overall rural and national development these the protection of small rural units has became more important can development and modernization of such units. Without a political will or Govt. policy support the rural entrepreneurs and their products may fail to enter the competitive market and avail of the benefits of economic liberalization.  

In future, an attempt should be made to top the “potential” of the rural population from among the children of the traditional artisans and give them intense training and orientation to convert their establishments. The rural artisans who have the potential to contribute to the country’s economy. Another problem relates to the size of the market which is very small. A strategy based on agro industry – cum – area development
approach leading to vertical and horizontal integration of the programs can also sustain the industries in rural areas. It is necessary to evolve an appropriate organizational set-up for the growth of agro industrial units.  

Marketing continues to be a problem facing Agro small units. The rural industries (Agro Based) has to depend on the local rural materials for marketing its products. To assess the reality of the Agro based industries in Kavathe Mahankal Taluka of Sangli districts is one of the major objectives of the study. This study of agro based industries has thrown light upon the impact and prospects on cropping pattern, employment, wage and income in details. The findings of the study are useful in formulating the agro industrial policy and over all development of rural sectors.

1.4 OBJECTIVES OF THE STUDY

The present study highlights the transformation of the rural economy depending upon the initiation of the process of rural agro-based industries. In more precise terms the following are the objectives of the study.

1. To find out the nature of relationship between agro-based industries and the cropping pattern. In this context, the inter-relationship between cropping pattern and agro-based industries will be analysed.
2. To study the changing occupational structure of population of selected villages in the Kavathe-Mahankal Taluka as a result of setting up of agro-based industries.

3. To study to overall impact of agro-based industries on rural economy with reference to Kavathe Mahankal Taulka and examine the changes in the income level of the population and in particular the agriculturists, agricultural labour and workers employed in the agro-based industries.

4. To suggest measures for improvement of agro-based industrial development of Kavathe Mahankal Taluka of Sangli district.

1.5 HYPOTHESES

The Present study aims at testing the following hypothesis.

1) Actual working process and technique of agro based industries are still traditional.

2) Concept of rural development with agro-based industries is neglected in implementation policy of Government.

3) The changing status of cropping pattern in sample villages of Kavathe Mahankal Taluka is influenced by agro-based industries.

4) The income of farmers, agricultural laborers and agro-based industrial workers was depends on agro-based industrial units.
5) The employment in sample villages was increased due to agro-based industries.

1.6 METHODOLOGY OF THE STUDY/SOURCES OF INFORMATION

This is essentially a sample study and exclusively based on survey and empirical data. Information for specific time period of January 2005 to December 2010 were collected form the selected sample. The criteria for the selection of the sample for study are –

1.6.1. SELECTION OF AGRO – BASED INDUSTRIES:

In order to determine the impact of different agro-based industries on Kavathe Mahankal Taluka, four (more than 50%) industries were selected out of seven agro based industries in Kavathe Mahankal Taluka for the study.

The study takes into account these agro-based industries having completed minimum 5 years of establishment of January 2003. It has been observed that there are 4 to 7 agro based units fulfilling the above condition and these units also play a predominant role in the Kavathe Mahankal Taluka, therefore, data and related information were collected from them.
Selection of agro-based industries:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of Agro-based industries</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sugar Factory</td>
<td>Kavathe</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mahankal</td>
</tr>
<tr>
<td>2</td>
<td>Maize Processing Unit</td>
<td>Ranjani</td>
</tr>
<tr>
<td>3</td>
<td>Jolly Board Plywood Industries</td>
<td>Deshing</td>
</tr>
<tr>
<td>4</td>
<td>Grape Processing Units</td>
<td>Agalgaon</td>
</tr>
</tbody>
</table>

1.6.2 SELECTION OF VILLAGES:

This is mainly an intensive study of sample villages selected on the stratified base and covered by all type of agro-based industrial units. The impact of the setting up of agro-based industries were studied with reference to the selected villages of Kavathe Mhanakal Taluka. The units i.e. Sugar Factory is in semi-urban area. Remaining 3 units were also be selected which are agro-Processing units i.e. Maize processing units, Grape Processing Units, Jolly Board Plywood Industries.
1.6.3 SELECTION OF RESPONDENTS:

Selection of respondents as shown in table no.1.1.

**Table No. 1.1**

Sample Villages, Size of Farmers, Agricultural Labours and Agro based Industrial Workers in Kavathe Mahankal Taluka

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of the Village</th>
<th>Farmers</th>
<th>Agricultural Labours</th>
<th>Agro based industrial workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total No.</td>
<td>Sample Size 5%</td>
<td>Total No.</td>
</tr>
<tr>
<td>1</td>
<td>Agalgaon</td>
<td>104</td>
<td>5</td>
<td>127</td>
</tr>
<tr>
<td>2</td>
<td>Kavathe Mahankal</td>
<td>91</td>
<td>4</td>
<td>96</td>
</tr>
<tr>
<td>3</td>
<td>Dhulgaon</td>
<td>95</td>
<td>5</td>
<td>205</td>
</tr>
<tr>
<td>4</td>
<td>Ranjani</td>
<td>110</td>
<td>6</td>
<td>234</td>
</tr>
<tr>
<td>5</td>
<td>Shirdhon</td>
<td>103</td>
<td>5</td>
<td>208</td>
</tr>
<tr>
<td>6</td>
<td>Hingangaon</td>
<td>175</td>
<td>9</td>
<td>207</td>
</tr>
<tr>
<td>7</td>
<td>Deshing</td>
<td>97</td>
<td>5</td>
<td>121</td>
</tr>
<tr>
<td>8</td>
<td>Kuktoli</td>
<td>198</td>
<td>10</td>
<td>225</td>
</tr>
<tr>
<td>9</td>
<td>Kognoli</td>
<td>103</td>
<td>5</td>
<td>130</td>
</tr>
<tr>
<td>10</td>
<td>Kuchi</td>
<td>114</td>
<td>6</td>
<td>185</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1190</strong></td>
<td><strong>60</strong></td>
<td><strong>1738</strong></td>
<td><strong>87</strong></td>
</tr>
</tbody>
</table>

**Ref.:** Kavathe Mahankal Gram Panchayat, Talathi Records – 2010
The data consisting from the first two categories of respondents represent the villages and the next two categories represent the agro industrial places.

The selection of respondents in the case of agriculturists, agricultural workers is based on 5% and agro-based industrial workers is based on 10 percent and for this it was used stratified random technique. The selection of agro-based industrial entrepreneurs were based on the census system as an established within 10 years.

In order to collect data from villages the households of agriculturists and agricultural workers were firstly identified in terms of the definition provided by the Agricultural Labour Enquiry Committee and the households of agriculturists and agricultural labours were selected. On the basis of stratified random sampling technique. The selection of respondents from among the workers employed in agro based units were also be based on stratified random sampling technique depending upon the nature of employment e.g. Permanent, seasonal and casual etc. All the agro-based units of the selecting agro-based industrial places are covered by the study.

The category i.e. Agriculturists, Agro-based workers and Agricultural labourers were considered as strata and then the method called Stratified Random Sampling were used with proportional allocation. For this purpose list of all the workers in agro based industries,
list of all labourers in agriculture of the selected villages and the list of all agriculturists of the selected villages were collected, which together constitute the population for sample size.

Employment in agro-based industries and agricultural sectors is seasonal in nature. Therefore, separate lists classifying according to their nature of employment Permanent or Seasonal were prepared. Separate tables for every villages and agro –units were created in systematic manner. For agriculturists lists classifying according to their size of land and irrigation facilities were prepared. Then agricultural labourers and agro- based industrial workers were selected for the sample study on the basis of 5% for agriculturists and agricultural labour and 10% sample for agro based industrial workers.

1.6.4. SOURCE OF DATA COLLECTION:

Two types of data were to be used in this study:

A) PRIMARY DATA:

The present study is mainly based on primary data which was collected by personal canvassing of questionnaires in the concerned villages. Four types of separate questionnaires were prepared three for each group of the respondents and one of agro-based industries. This is one of the major sources for data collection. Spot observations are yet another source.
Information regarding the following aspects were collected viz, demographic profile, agro-based industrial profile, number of workers employed, nature of processing or manufacturing units, Capital invested, Wage rate, nature of employment, cropping pattern, occupation pattern, irrigation facilities, wage-level, unemployment, entrepreneurship income level and other related aspect and so on.

B) SECONDARY DATA:

Even though the study is almost exclusively based on primary data, reliance on secondary data is also necessary. The Secondary data were collected from the Govt. Reports i.e. Annual Survey of Industries. Central Statistical Organization, Zilla Parishad of Sangli and Panchayat Samiti Kavathe Mahankal and DIC for the period from 2005-2010.

Various research reviews on different aspects of agro based industries and rural development published by individual and Govt. were referred. It were provide a basis for the existing knowledge about the impact of agro based units on rural economy.

In short all information regarding impact of agro-based units on rural development, methodologies, concepts etc. were collected. For this purpose various libraries, DIC, Agro Based Industrial Board, Agricultural Research Institute, Agricultural University, Shivaji University Library. Various College Libraries and other were visited.
1.6.5. Personal Discussions :

Personal Discussions with agro based industry owners / managers support organizations and workers respondents were held for the purpose of this study. The main focus of the discussions with government policy and the workers respondents were the different issue relating the development of workers.

1.6.6 On the spot observation :

Observation method was also adopted in the present study. Observation of Agricultural labors, agro units workers and agriculturists were also made with respect to the various aspects of related studies.

1.7 Operational Definitions :

In order to carry out the present study the researcher has made following operational definitions.

1. Agriculturists / Cultivators: Those who are working more than six months in agriculture for the production of agricultural commodities in other words those who are defending on agriculture for their lively hood.

2. Agricultural Labour: Unlike industrial labour, agricultural labour is difficult to define. The reason is that unless capitalism develops fully in agriculture a separate class of workers depending entirely on wages does not come up. Since capitalized relations are found in an under developed states in India. Such inherent class of small farmers and agricultural
labour has not yet evolved. The difficulties in defining small farmers and agricultural labour are compounded by the fact that many small and marginal farmers work partly on the farms of others to supplement their income. To what extent should they be considered agricultural labourers or not.

Despite these difficulties, various attempts have been made to define small farmers and agricultural labour by different experts and committees appointed by Govt. of India from time to time. The first Agricultural Labour Enquiry Committee of 1950-51, “Regarded those people as agricultural labourers who are engaged in raising crops on payment of wages”. In India, a large number of labourers do not work against payment of wages around the year. This definition was incomplete accordingly; the committee stated that those people, who are regarded as agricultural labourers should, work for 50 percent or more days on payment of wages. Therefore, all those people who are included under the category of agricultural labour should possess some land or rural artisans who worked for 50 percent or more days of total working days on the lands of others against payment of wages. The Committee also defined an agricultural labour household, if the head of a household or 50 percent or more of the earners report agricultural labour as their main occupation, that family should be classified as an agricultural household family. The small farmers are those who have land holding of
below two hectare and who work on the farms of others for supplementing their income for livelihood.

The Second Agricultural Labour Enquiry Committee of 1956-57 took a broad view of agricultural activities to include those labourers who are engaged in allied activities like animal husbandry, dairy, poultry, piggery etc. The Second Labour Enquiry Committee stated that to know whether a household is an agricultural labour household. We must examine its main source of income. If 50 percent and more of its income are derived as wages for work rendered then only, it should be classified as agricultural labour household. The change covers from work to income seems more suitable. It of ten happens that the head of the household works in the unorganized sector on a temporary basis or find a job in some public construction where as other members of his family remain in the village and continue to work in agriculture against payment of wages. The head of labour household who goes to cities will derive a major portion of income from other occupations in a particular year. According to the National Labour Commission “a major portion of income of agricultural labour in the form of wages is obtained as a result of working on land. The agricultural labourers have nothing except their labour power to earn livelihood. They are generally unskilled. The 1961 census, studies that all those workers were included in the category of agricultural labourers, who worked on the farms of others and received
payment or in money or in kind or both in money and kind.” The 2001 census excluded those people from agricultural labourer for whom working on the farms of others was a secondary occupation.

This brief analysis is enough to prove that even the experts are not agreed upon the definition of agricultural labour. Accordingly, we must remain constant with a working definition “All those persons who derive a major part of their income as payment for work performed on the farms of others can be designated as agricultural labourers. They should work on the land of others on wages, for a major part of the year.”

3. Agro based units:

On the anvil of agro industries, the surplus manpower in agriculture, of ten characterized as disguised unemployed, finds utmost scope for productive employment – a Nurksian hypothesis proved true. These developments in agricultural sector have called for several institutional, organizational and technological improvements for the benefit of the both agriculture and agro-industries. In course of time several industries using the ‘inputs’ of agriculture and manufacturing ‘output’ for the use by agricultural are called as agro based industries. These industries came into existence in the country. The over development of agro based industries developed from the planning period. The agro based industries are those which are depending on the agricultural raw material, therefore a big challenge for the industries to
compete with big industries in the country. The agro based industries and commercial agri-enterprises are the most important sectors of agriculture in the country.

4. **Agro-based industrial workers:**

The workers, who are working more than six months in agro based industries such as sugar factory food processing units etc, are called as agro based industrial workers. These workers are supposed to work in agro based industries as per the norms of the working conditions of normal workers.

1.7.1 **CRITERIA FOR MEASUREMENT OF IMPACT OF AGRO-BASED INDUSTRIES ON RURAL DEVELOPMENT:**

i) Addition to employment  

ii) Changes in income of the people  

iii) Changes in cropping pattern  

iv) Changes in wage - level  

v) Changes in occupational structure of the people under study.

For this purpose various methods concerned with practical significance method, comparative analysis method especially concerned with price level were used, with the help of Microsoft Excel.
1.7.2. **Data Processing:**

The data collected through questionnaire was processed with the help of computer. Single response questions assigned a single variable and multiple response questions were assigned multiple variable and direct response questions assigned a direct variable. The data was then entered into and processed by computer operator as per the instructions given by the researcher. The responses to the broad type and open ended questions were examined. Classified and processed with the help of computer. The data has been presented in the form of simple tabular form. Both actual frequencies and percentages have been mentioned in the tables. Some data has been presented in the form of graphs, tables and diagrams.

1.7.3 **Data Analysis:**

The interpretation and analysis of the data in the study the simple tools, like average, percentages, frequencies etc were used and important conclusions are drawn and finally important recommendations are made.

1.8 **CHAPTER SCHEME OF THE STUDY:**

Keeping in view, the objectives the present study is divided into seven chapters including observation, findings and recommendations.
Chapter first entitled as “Introduction”, includes introduction, genesis justification of the study, statements of the problem, objectives of the study, hypothesis, methodology of the study, data collection, data processing, data analysis and chapter scheme of the study.

Chapter second highlights the “Review the various aspects and empirical studies of agro based industries”. This chapter is also covered definitions, Nature, Scope, Features types role of agro based industries and Empirical studies and Govt. policy regarding agro-based industries.

Chapter third highlights the “Profile of Study Area” it gives an overview of the Historical background of Sangli District. Geographical location and physical setting, climate, rainfall in Kavathe-Mahankal taluka, irrigation, Kavathe-Mahankal Taluka land use pattern in K.M. taluka, demographic features, industrial profile, co-operative movements, banking, Socio Economic indicators agricultural profile, in Kavathe-Mahankal Taluka.

Chapter fourth highlights the “Profile of Cropping Pattern, agro-based industrial units and rural employment under study area. It also consists of effects of agro-based industries on rural employment, agro-based industries and cropping pattern, cropping pattern and employment in Kavathe-Mahankal taluka.

Chapter fifth entitled as “Rural Occupation, wages and income structure”. It include rural occupational structure of farmers Rural wage
and income structure and changes in occupational pattern in Kavathe-Mahankal taluka.

Chapter sixth entitled as “Impact of agro-based industrial units on rural development” and explains the overall impact of agro-based industrial units on rural development.

The last Seventh Chapter is observation, Findings and Recommendations. In this chapter the researcher concludes the analysis with some recommendations.
REFERENCES


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