CHAPTER - II

REVIEW THE VARIOUS ASPECTS AND EMPIRICAL STUDIES OF AGRO-BASED INDUSTRIES

2.1 INTRODUCTION

The most important long-run economic problem facing by country is unemployment. Particularly disguised unemployment and this problem are becoming increasingly acute day by day in spite of the planned efforts to tackle it. The increase in unemployment has been mainly due to the increase in the labor force unmatched by a similar increase in employment opportunities. This fact highlights the vital importance not only of checking population growth but also of expanding employment opportunities by means of rapid industrialization.

Besides this large magnitude of unemployment there is a substantial size of underemployment particularly among the rural population which is about 70% of the country’s population. The most serious problem in India therefore seems to be our inability to utilize to the fullest possible extent our manpower resources. The planned and well thought out development of agro industries of various types therefore seems to be the most effective long-run solution of the problem.¹

Therefore, the socio-economic objectives of our planning i.e. creation of employment opportunities and remove of poverty can be
achieved only by promoting agro-based industries and their dispersal all over the country. The growth of agro industries helps in creating avenues for greater employment in the rural areas checking rural migration gainful utilization of locally available resources and materials as well as by products which are otherwise discarded as waste material. The nature of agro-industries will depend largely on the local infrastructure raw materials technical skill and availability of adequate and timely credit. So the types of agro industries can be specified for all the areas in the country.

This chapter contains the various of empirical studies on Agro-based industries in India including Maharashtra state In addition, the various aspects of agro-based industries are studies such as nature, definition scope, features types & Govt. polity and importance & role of agro-based industries, in India.

2.2 DEFINITIONS OF AGRO-BASED INDUSTRIES:

1. "Agro-based industries are those, which are involved in supplying the farm with agricultural inputs besides handling the products of the farm".\(^2\)

2. "Agro-based industries are those industries which have either direct or indirect links with agriculture".\(^3\)
3. Village industry means any industry located in rural area, which produces any goods or renders services with or without use of power and in which the fixed capital investment per head of an artisan or worker does not exceed Rs 15,000/-.  

4. "An agro-industry is an enterprise that processes raw materials, including ground and tree crops as well as livestock. The degree of processing can vary tremendously, ranging from the cleaning and grading of apples to the milling of rice, to the cooking, mixing, and chemical alteration that create a texturized vegetable food. ... agro-industries can be roughly categorized according to the degree the raw material is transformed. In general, capital investment, technological complexity, and managerial requirements increase in proportion with the degree of transformation."

5) The national council of applied economic Research has defined agro-based industries as those which use either agricultural raw materials or make things that farmers need for their agricultural needs. They include not only seeds, fertilizers, implements, plant protection chemicals etc. but also the repair and servicing of farm implements or machinery.

6) Agro-industrial integration can be defended as an organic link between agriculture and the industries that use agricultural raw materials on the one hand, and the industries that manufacture
agricultural inputs and agriculture that uses them on the other. The first are called agro-based industries or processing industries and the second are called agriculture based industries that produce agricultural inputs.  

2.3 NATURE AND SCOPE OF AGRO-BASED INDUSTRIES:

The definition coined by the units nations Industrial Development organization restricts the scope of agro-industries in as much as it includes only those industries which utilize the raw material of agriculture including fisheries and forestry husbandry including dairy agriculture, sericulture, meat and poultry do not specifically come under its purview besides packing industry which is included as agro-allied industry does not properly come in the concept as this industry littests the raw materials mainly from forestry and its end use extends into agro allied industry. Thus a more viable and clear conception needs to be projected to clearly demarcate various areas based on utilization and fictional criteria. This also leads us to some other industries such as compost making were agricultural work is manly utilized for en use as input apiculture sericulture and lace culture which do not directly utilize agricultural production but are mainly concerned with rearing of honey bees skill worms and lace insects respectively and the cold storage which only has the purpose of protection and conservation of produce.
As such Agro-Industries can be defined as those industries which are dependent on agriculture and on which agriculture is dependent. It can be further elucidated as those industries which utilize the agricultural produce for processing or Fabrication of products used in agricultural production or commercial purposes.

Agro-industrial integration, agriculture receives its requirements from the one and supplies its produce to the other. Naturally this involves an integration of agriculture with the other two kinds of industries. In such an integration the location of industries becomes important. It must be in the village or at a place very near the village so that the raw materials produced locally might be processed there and the required agricultural inputs may be produced there with all the consequential advantages of generating additional employment income and investment.

In brief the agro-based industries imply the following\(^8\): -

i) These must foster the spirit of interdependence between agriculture and industry.

ii) Such industries must use the raw materials provided by agriculture, and their output must have a market among the rural population.

iii) Surplus rural manpower must be absorbed by these industries.

iv) Improved technology can be adapted in order to increase productivity.
v) Such industries should as far as possible use the indigenous technical know how and conserve the foreign exchange by avoiding the import of sophisticated machinery.

2.4. **Features of Afro-based Industries**

1. Agro-based industries integrate agriculture with industry. Which is a prerequisite for the prosperity of developing countries.

2. Agro-based industries provided new avenues of employment at a relatively small capital cost. They also serve as a means for providing better employment opportunities to labour during the off seasons.

3. Agro-based industries require a much smaller proportion of imported equipment and materials than the large industrial units. A low import element of the capital structure of agro-based industries reduces the need for foreign capital or foreign exchange which can be used to fulfill the requirements of other sectors.

4. Agro-based industries operate as catalytic agents for the development of infrastructure, which would bridge the gap between the rural and urban economy. They will be looked upon primarily as an agency which paves the way for occupational shifts and for creating new social groupings.
5. Agro-based industries development is capital formulation. These industries do not have access to institutional finance. They are stated with the small savings of the family group and with investments which would not have normally gone into production activities.

6. Agro-based industries will solve the problem of exploitation of the farming community by traders and middlemen.

7. Agro-based industries will give a big push to agriculture.

**Other features of Agro industries**

1. Raw materials are organic.

2. Inputs are fragile and perishable

3. Shorter life cycle duration of outputs/final products/final products

4. Production process is complicated.

5. Superior technology is required for better quality of final products.
2.5 TYPES OF AGRO-BASED INDUSTRIES:

Ago-Based industries may be classified into four categories.

1. Agro produce processing units:

Those industrial units which merely process agriculture true procedure fall under this category. They do not manufacture any new product, they merely process the raw material so that it can be preserved or transported at lower costs i.e. rice mills, dal mills, groundnut, decorticating mills etc.

2. Agro produce manufacturing units:

These units manufacturing entirely new products based on agriculture produce as the main raw material. The finished goods are entirely different from the original raw material i.e sugar, factories bakeries, solvent extraction units textile mills straw board etc.

3. Agro-Inputs manufacturing Units:

Those industry which produce goods either for the mechanization of agriculture or for increasing the productivity of agriculture come under this category. These units are directly linked with agriculture, for their support at various stages i.e. industries manufacturing fertilizers pesticides and insecticides all types of
agricultural implements, pump sets etc. these must be located in
villages of the original raw material i.e. sugar factories

4) **Agro-service centers:**

Agro-service centers are workshops and service centers
which are engaged in repairing and servicing pump sets diesel
ingines, tractors and all types of farm equipment.

### 2.6 ROLE AND IMPORTANCE AGRO BASED INDUSTRIES:

1) **Employment potential:**

Agro-based industries are highly employment potential. The
employment pattern of Agro-based industries review that the
employment opportunities created by these industries differ from
one industry to another, depending on the nature of the agro-based
industry while some industries provide larger permanent
employment some others create seasonal employment. For example
permanent employment is significant in the rice milling and sugar
industries. In the rice milling industry it is substantial because of
the permanent nature of the functioning of rice mills. It is greater in
the sugar industry because of its capital intensive nature, for the
share of administrative and technical personnel in that industry is
quite substantial. Nevertheless the employment of seasonal and
casual workers is not worthy in the sugar industry contrary to this;
permanent employment is minimal in the tobacco processing and khandsari sugar industries while almost all the workers are employed seasonally in the tobacco processing industry a majority of the workers of khandsari sugar industry are employed on a casual basis during the season.\textsuperscript{12}

As regards the employment created in the farm sector by the cultivation of agro-based industrial crops, it is evident that the cultivation of sugarcane created more additional employment opportunities than the other crops. In respect of the development of the followed by the Jolly board plywood industry. The growth of the tertiary sector is insignificant in the grape processing and Maize Industry industries.

\textbf{2) Income:}

The impact of agro-based industries was significant on the income levels of all categories of the rural population. The increase in incomes was more spectacular in the households of agricultural workers and the workers employed in agro-based industrial units, while the farmer category was benefited by the agro-based industries indirectly through higher rates of wages and ensured employment in the farm sector, the latter was benefited by the employment in agro-based industrial units themselves. The trend
therefore was towards a reduction in income disparities among the rural households.

Even though the incomes went up substantially in all the industrial places irrespective of the nature of agro-based industry located therein the increase was relatively more pronounced in the villages covered by the sugar and khandsari sugar industries a fact which may be ascribed to the cultivation of sugarcane on of fshoot of the sugar industry. The increase in incomes was also striking in the grape processing industry which was established because of the cultivation of tobacco. In short, the incomes of all the rural households more particularly of agricultural workers, increased irrespective of the nature of the agro-based industry located in or around a rural area.\textsuperscript{13}

3) Solution to the problem of unemployment or under employment among Agricultural labor:

It is well known that, there is great pressure of population on agriculture and there is great amount of unemployment and under employment among the farming communities in rural areas.

Agro-based industries can provide increasing employment opportunities for these people or part time occupation. All this will help relieve pressure on agriculture. Agro-based industries will
help diversification of rural economy. It will help to reduce extreme dependence only on agriculture which makes for instability of rural economy. Agro-based industries will help stabilize rural economy by diversification and by providing steady income (main or supplementary) to a large number of people in rural community. Agro-based industries would thus help solve to a considerable extent the problems of unemployment and underemployment especially among landless agricultural labour and tribal population.

4) Reduction in Inequalities of Income and Wealth:

Agro-based industries by providing employment and income to rural masses would help to reduce extreme inequalities of income that persist today in Indian economy because industries have got concentrated in urban areas. Agro-based industries would thus be a step in the direction of reducing extreme inequalities of income of income and wealth both in rural and direction of establishing socialist pattern of society.

5) Agro-based-Industries an Answer to Rural Mass poverty:

Vast rural masses are below poverty line and are living in wretched material conditions not because of adequate food grains
and consumer goods are not produced in the country because vast rural masses have either no income or extremely low level of income because they are unemployed or only partially employed.

Rural industrialization is an effective answer to mass poverty in rural areas. Agro-based industries will provide employment and income to increasing number of rural people ensure steady income and make many consumer goods available cheaply. This will enable agriculturists to withstand total or partly failure of agriculture because of the failure of man soon.

6) Local Availability of Raw Materials:

Agro-based industries generally use raw materials which are mostly grown in rural area itself. They will therefore provide opportunities for exploitation of existing raw materials which are lying idle i.e. forest resources or help agriculturists to produce these raw materials from which they can get supplementary income or even major part of income. This would help to raise level of income of agriculturists. Local availability of resources would mean that there is less burden on means of transport and communications in the country, it would also mean saving on transport and communications in the country, it would also mean
saving on transport costs and therefore locally produced goods are likely to be cheaper.

7) Easy Production of Consumer Goods:

With small capital and locally available raw materials and skills and knowledge of local markets, agro-based industries can easily augment supply of consumer goods wanted by local people. This would help increase supply of consumer goods in the country and this would help control inflationary pressures which are inherent in a developing economy.

8) Help Accelerate Economic Development of the Country:

Agro-based industries will enable vast rural masses mobilize saving and investment funds which can be utilized for the development of social and economic overheads in rural areas roads, electricity, minor irrigational projects, biogas plants etc.

Agro-based industries would thus be effective means of mobilizing and using natural and human resources and putting them to productive uses. This will definitely help accelerate growth rate of the economy of the nation.
9) Miscellaneous Advantages:

Agro-based industries will help dispersal of industries and thus help to avoid their concentration in only some urban centers. It would help to solve the problem of heavy migration of rural people to towns and cities in search of jobs and income. It would thus help to avoid over crowding in towns and cities and also problem of pollution.

10) Capital Formation:

An important role of agro-based industrial development is capital formation. These industries do not have access of institutional finance. They are started with the small savings of the family group and with investments which would not have normally gone into production activities.

Thus the establishment and growth of these industries set in motion the process of capital formation in developing countries. As nearly 80% of the total population of India lives in rural areas and as it does not have proper ways and means of channel sing the savings. The proper solution of this problem is to establish agro-based industries in rural areas on a large scale.
11) Development of Infrastructure:

Agro-based industries operate as catalytic agents for the development of infrastructure, which would bridge the gap between the rural and urban economies. They will be looked upon primarily as an agency which paves the way for occupational shifts and for creating new social groupings.

12) Foreign Exchange:

From the angle of balance of payments agro-based industries are justified on two counts. (1) They so not require much foreign exchange resources for their establishment and to that extent place almost no extra burden on balance of payments position and (2) These industries can contribute to the foreign exchange kitty of the country through adding to exports. Already the demand for such products as cotton handloom fabrics skill fabrics, etc. exists. Further many new produces of the non-traditional agro-based industries have begun to be exported.

13) Political and Social Benefits:

Agro-based industries also confer certain valuable political and social benefits. They can help in awakening the powerful dormant forces among masses for use in constructive activities.
The freedom of work of self reliance, self confidence, enthusiasm to achieve and all such traits of a healthy nation can be built around the material activities performed in these industries. These activities will be helpful in the preservation of the inherited skill of our artisans which would otherwise languish and disappear. A great many people in villages and small towns will be saved from the mechanical, monotonous and robot like life associated with big industrial cities. These non economic considerations cannot be concretized into cold statistics, but they speak volumes for themselves. These in fact are the essence of life.

14) Domestic in Contents:

Agro-based industries are specially important for their several features which make them a perfect fit in the country’s domestic economy. These local manpower, with or without formal education and training in industrial arts. They are the least dependent on the imported inputs, thus involving no little expenditure of foreign exchange. The cater largely to the domestic market though they also contribute handsomely to exports and thereby earn large foreign exchange for the country. These industries are widely disperse and are therefore found scattered in every nook and corner of the country.
2.7 **EMPIRICAL STUDIES OF AGRO-BASED INDUSTRIES**

In course of time several industries using the ‘inputs’ of agriculture and manufacturing ‘outputs’ for the use by agriculture have come into existence in the country. Inspite of these developments, the overall development of the Indian economy has lagged behind many developing and developed economies where the concept of commercial agri-enterprises has acquired added significance. From subsistence agriculture, these economies have switched over to commercial agriculture. In this advanced stage of development, agricultural sector is required to cater to the needs of globalization and liberalization by producing agri-goods for world trade. It is believed that once agriculture is transformed from subsistence agriculture to commercial agriculture, the productivity and profitability of agriculture will not only grow but also help to expand the export sector of the economy for earning valuable foreign exchanges for the growth of the economy. This, therefore, is a big challenge for the country. In the order to have a thorough discussion covering all these aspects of development of agriculture, agro-industries and commercial agri-enterprises, a national seminar was held sometime in the early part of the new millennium in Nabakrushna Choudhury Centre for Development Studies with the active participation of academicians, policy-makers, technocrats and NGO’s. The deliberations and discussions in the seminar were considered useful to provide necessary guidance to the government.
for taking appropriate action for the development of agro-industrial enterprises.

India is a developing country facing a number of problems such as the population explosion, unemployment, poverty, paucity of capital, low productivity, inequalities, low living standards, inflation and so on. Taking into consideration the problems on one hand and over 60 years of independence on the other. The growth of the Indian economy is rather slow. For the solution of the above problems and for rapid economic development it was necessary to accept a mixed economy as an economic system for the balanced growth of public and private sector together with a major role for agro-based industries to contribute their mite in the process of economic development.\(^\text{14}\)

Prof. L. P. Singh in his paper, “Co-operative processing in Rural Development has mention about the importance of processing industries in rural development. He has pointed out that processing is an important stage in agricultural marketing under which efforts are made to process biomass i.e. agricultural raw materials including ground and tree crops in recent years the gamut of agro-processing has been attempted to be widened by including processing of live stock and fisheries also within the purview of agro processing. However despite all such efforts agro-processing even today includes processing of agricultural commodities only processing of ground and tree crop, to be more specific.\(^\text{15}\)
Prof. Ashok Mitra wrote, “Unless the institutional issue affecting the Indian agrarian scene are first resolved it is fairly pointless to expatiate on the arcadia that could be brought about through the development of agriculture agro-based industries and small and cottage industries”.16

Prof. R.A. Chaurasia has maintained in his book, “Agro Industrial Development”, that the genomic foundation and the industrial scenery of Palt of U.P. The availability of resources like agricultural, livestock, forest, rock and minerals etc. and their complementary to existing and new industrial unit, Industrial Structure, Infrastructure and Strategy of Industrial Growth points suggesting units and locations of various small scale industries for their future development have been that dealt within the chapter of the book.17

Dr. Rajagopal has pointed in his book ‘Agree Business and Entrepreneurship’, Agri – Business and rural enterprise occupy an important intermediate position between farms and consumers of farms products and their expansion can be a catalytic factor in stimulating rural development assistance has been related to what some perceive as a conflict between growth and equality, one of the important potentials of the agri-business and rural enterprises sector is in providing growth possibilities without sacrificing the equity dimension.18

Dr. Arun Bhargave has maintained in his Book “Rural Marketing and Agri-business in India”. Agro-processing production of agro-
chemicals and farm machinery and trade are considered as parts of manufacturing (Industrial) or Services (tertiary) sector with structural transformation of the economy the share of agricultural production in the economy is going down that of processing distribution and trade is increasing. (Page-226)\textsuperscript{19}

In the development countries agri-business is defined as the total output arising from farm production and product processing at both pre and post farm gate levels. In developing countries like India the agri-business sector encompasses four distinct sub-sectors i.e. agricultural inputs, agricultural production, agro-processing and marketing and trade. All these add value or utility to the goods. Agri-business is emerging as a specialized branch of knowledge in the field of management science and practice of activities, with backward and forward linkages related to processed food, feed and fiber including supply of inputs and services for these activities.\textsuperscript{20}

Most of the development in agro processing is limited to the progressive states such as Punjab and Maharashtra. For balanced regional growth, special effort has to be on involving lagging states such as Bihar and Orisa and the flung north eastern states in the emerging modern system.\textsuperscript{21}

Dr. K. P. Sinha has pointed in his book ‘Agribusiness Management’ India is an agricultural country. Since the independence
various efforts on the part of the government has been to develop it quantitatively and qualitatively, in view of this recently in 2000, government had announced the first ever nation Agriculture policy to actualize the vast untapped growth potential of Indian agriculture, Strengthen, rural infrastructure, accelerate the growth of agribusiness, discourages migration to urban areas, create employment in rural areas securing fair standard of living etc.\textsuperscript{22}

Dr. T. Natrajan has pointed in is book “Organic farming for Business”. What is the current situation of Agro industry Development in India? India is a one of the leading producer of agriculture and livestock. Commodities grains, fruits and vegetables, milk etc. However the share of these products going for processing is very small. Also, India’s share in world. Trade of processed food is 1.6\%, and value addition is 20\%. (Ministry of food processing’ Annual Report 2005-06).\textsuperscript{23}

Key issues in food processing in India are the low level of processing, consumer-perception regarding processed food and unorganized nature of the processing sector. The level of processing at the industrial level needs a closer look. Lower level of processing reported at the industrial level does not mean that Indians do not consume the processing foods. Instead most of the processing in done at the household level – Jams, Pickles, Jellies and other traditional items are usually made at home and preserved through traditional means such as
storing with salt, sundering etc. another important aspects of processing sector relates to traditional Indian food habits and the perception that “processed food is not fresh”. This has also lead to low consumption of processed foods. However, this nation is changing in the recent years because of exposure to verity of processed foods in the supermarket and higher awareness about the nutritional aspects of processed foods.\textsuperscript{24}

India’s next frontier of innovation is in the area of agribusiness and agro processing, food processing industry is widely recognized as a ‘sunrise industry’ in India having huge potential for uplifting agricultural economy which has been stagnant in the past few years, exposing traditional Indian agriculture to modern technologies, creating large scale processed food manufacturing and food chain facilities and consequently generate employment and export earning. The vision for the food processing sector in India is to make India the food basket of world and achieve what has been achieved in the computer technology sector.\textsuperscript{25}

Prof. Pilar Santacoloma and Prof. Alexandra Pottger have explained the relationship between economic development and agro-based industries in their article “Strengthening farm – agribusiness linkages” published in the book Corporate Agri-business. They pointed out that the emphasis on the importance of complementarities and linkages among industries in the development process. Farm – agribusiness linkages gain in importance when systems develop. While in
subsistence farming producer and consumers are the same person, the picture changes with agricultural development. Linkages refer to the degree to which an industry is able to generate demand for the products of other industries such as agricultural production on the one hand and processed foods manufacturing on the other, and of the spectrum. Upstream industries are engaged in the initial processing of agricultural commodities. Examples are rice and flour milling, lather tanning, cotton ginning, oil pressing, saw milling and fish canning. Downstream industries undertake further manufacturing operation on intermediate products made from agricultural materials. Examples are bread, biscuit and noodle making, textile spinning and weaving garment making, paper production and shoe and rubber products manufacturing. If a primary processing industry is established this can lead encourage investment in other industries up or down stream i.e. oil extraction leads to soap making (downstream) and larger palm oil plantation upstream.26

The National Seminar which was held during 21st and 22nd January, 2000 was inaugurated by Shri. S. B. Misra, the then Chief Secretary of Orissa under the president ship of Prof. B. Misra, Chairman of the Crntre, Prof. S. N. Misra and Dr.A. K. Behera, Managing Director, APICOL, were the coordinators of the seminar. During the National Seminar papers were presented for discussion under three inter-related themes. The classified themes were: (a) Importance of agro-industries in economic
development, (b) Problems of specific agro-industries and (c) Prospects of development of agro-industries. These have been included in the book, “Agro - Industries and Economic Development” Published by Deep & Deep Publications.

Professor Baidyanath Misra in his paper on ‘Role of small industries in Rural Development’ of rural industries for promoting rural development. He felt that this would relieve pressure on land, establish linkage between agriculture and industry, increase employment opportunities, improve the economics of well-being of rural people by increasing their income and prevent migration or rural population to cities which increase slums. He raised three questions that would be relevant in the context of developing small industries, even though, agro-industries. First is the type of industries to be located in rural areas – the criteria of location. The second is with regard to choice of techniques. Professor Misra’s third question is with regard to protection to small-scale industries. He was against any form of subsidy that helps vested interests. A more appropriate government role, according to him, is increased investment in rural areas for improving infrastructure, providing technical training and expediting the delivery of necessary inputs. These provisions would help agro-based small-scale industries to come up in a large number in the rural areas,
Dr. A. K. Behera in his paper, ‘Agri-Business Scenario special Reference to Orissa’ mentioned that the large agricultural base of the state ideally lays the foundation for a diversified agro-processing industry. There is scope for fresh fruit processing, banana processing, pineapple, fibre and coconut processing units. Besides fruits, there are potentials in vegetables like mushroom, potato, baby-corn, cereals like sunflower and soyabean, spices like chilies, coriander, garlic, turmeric and ginger, floriculture and aquaculture. The commercial agri-business is particularly relevant in the context of expanding export trade for earning valuable foreign exchanges under the impact of globalisation and world trade.

Dr. Jagannath Lenka presented a paper entitled ‘An Economic Inquire into the Determinants of Agro-Industry Development in Orissa’, co-authored with Professor Adwait Mohanty. They analysed that the employment elasticity of investment in agro-based industries in Orissa is 0.36, relatively higher as compared to 0.24 in non-agro-based industries. They took employment as the indicator of growth of agro-based industry and emphasized the need for developing those industries.

Dr. Bhagabata Patro in his paper, ‘Employment Implications of Agro-Industries in India’, a co-authored paper with Ms. Preyasi Nayak questioned the various investment criteria as they ‘appear to be deficient in tackling the fundamental problem of growing unemployment’.

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However, neither was their contention worked out logically nor was their, suggestion of a ‘Maximum Employment Generation’ elaborated. They did echo the need for agro-based industries in rural areas and their potential in employment generation-based on-some empirical figures across industries.

Dr. Bhagban Sarangi’s paper on ‘Economic Potential of Agro-Industries’ mentions that there is great potential for agro-industries in the country. Accordingly, there is the need for backward and forward linkages and co-ordination between related industries so that the by-products are used simultaneously. There is, further, a need for advanced management and use of marketing methods.

The paper presented by Sugata Ghose entitled ‘Present Status of Coconut Processing Industry in India’ analyzing the scope of developing coconut-processing industries in the country mentions that coconut can be used as a fruit, fibre, oilseed, beverage and medicinal crop. Hence, there is vast opportunity for investment in adding value to coconut. More recently, the technology for processing coconut cream, spray dried coconut milk powder, coconut vinegar, nata-de-coco and packaging of tender coconut are developed by Coconut Development Board. In spite of this, the coconut processing industries have come across with problems like: (a) inadequate support extended to technology development, (b) coconut culture is concentrated only in the southern parts of the country.
and hence the industry is not diversified to other parts, (c) low priority accorded to the industry by the central government on account of the limited contribution of the coconut industry to national income, and (d) absence of a rationalized tax structure for the benefit of the coconut industry etc. The paper sets the motion for a full length discussion about the other types of industries.

Dr. K.C. Samal in his paper, ‘Aquaculture (Shrimp) Industry in and around Chilika Lake: Its Impact on Environment’ has expressed that shrimp ponds by shrimp industry for carrying out shrimp culture. He has pointed out that both shrimp ponds and shrimp gheries pollute the environment by causing obstruction to natural drainage, water logging, soil and water salinisation, damage to natural fisheries, loss of cultivable and grazing land and siltation in the lake. His study recommends abolition of shrimp culture and shrimp seedlings in and around Chilika lake.

Dr. P. Sahu presented a paper titled, ‘Prospects of Seafood Processing Industry in Orissa’, co authored by Dr. N. B. Pradhan. The paper mentions that the shortage of conventional food leads to a search for seafood from the coasts in order to meet the demand of growing population in the domestic market. Besides, seafood gas also a great export potential. For developing the industry steps should be taken to
build infrastructural facilities, modernization and up-gradation of technology and marketing arrangements for the sale of the products.

Dr. Manaranjan Behera and Damodar Jena in their paper, ‘Marketing of Sabai Material: A study of Mayurbhanj Sabai Grass Processing and Marketing Co-operative Society’, have studied the marketing system of sabai materials of the society. A number of problems and critical gaps with respect to marketing of sabai materials have been pointed out by the authors. These problems are: non-adherence to the by-laws stipulated by the society, purchase of sabai materials from middlemen at inflated prices, inadequacy of working capital in relation to fixed capital deployed in industries, and poor marketing facilities etcetera, the authors have suggested, among other things, for the cultivation, processing and production of finished items directly by the society. Management orientation of the staff presently working in the society must also receive added attention.

The paper of Dr. Shibalal Meher titled, ‘Role of Sericulture Industry in the Economic Development of India’ mentions of productive employment besides having and important role in earning foreign exchange. He has suggested for streamlining the marketing system and expansion of area under sericulture for rapid development of this type of industries.
Dr.(Mrs.) Rashmi Mishra’s ‘Status and Prospects of Fruit Industry in Orissa’ begins by stating that India ranks first in the world in terms of fruit production. The problems identified by the author are: low capacity utilization, excessive concentration of fruit industries in the urban areas with very little spread effect in rural centers, inadequate expansion of fruit processing and preserving units, lack of application of modern technology and poor marketing arrangements either by the public or by the private sector. She has suggested for large scale investment and improvement of R and D facilities for the fruits industry in the coming years.

Dr. B.P. Misra presented a paper titled, Food Processing Industry’s Role in Economic Development’. He has pointed out that through India has the first position in the world in the preproduction of fruits and second position in vegetables, yet, only 1% of the total fruits and vegetables are being processed in the country. He has pointed out that India has the potential to export a substantial part of the production of processed fruits and vegetables. For this the industries have to adopt technologies and manufacturing practices to meet the requirements of the world trade. But the new technologies will have to be preceded by a new management outlook. In his article Misra has used SWOT analysis to assess different aspects of the food processing industry.
The paper on ‘Sea Water Farming’ was presented by Mrs. Nirupama Misra. The paper highlights the importance of Salicornia-world’s first salt tolerant plant. The seed of the plant contains approximately 30% of oil. Salicornia oil is an excellent type of vegetable oil similar to sunflower oil. This is also used by cosmetic and pharmaceutical industries. The residue remaining after oil extraction can be used for human consumption or as protein concentrate to be used as animal feed. The author, however, laments that very little attempt has been made to exploit salicornia plant from the seacoast of the state. More R & D activities be involved in extracting the plant for better commercial use.

Mrs. Pramila Prava Patnaik in her paper ‘Food Processing Household Units in Orissa: A Study in Chatrapur NAC’ has dealt with consumer food processing in household units in Chatrapur town of Ganjam district. The study has shown income, output and employment generation in food processing units by employing family labour and hired labour. Income generation is more in case of the former than the latter, where as output generation shows the reverse trend. She suggests for adequate supply of institutional finance to units and for the formation of co-operative societies to assists the members with the supply of raw materials, credit and marketing opportunities.
C.R. Das presented a paper on ‘Rural Development in Orissa through Diary Sector’. He has mentioned several problems presently faced by the dairy sector in the state of ferrying a few suggestions to overcome those problems.

S.F. Jalil in his paper on, ‘Mushroom Production for Rural Economic Development’ mentions about the growing importance of mushroom cultivation in the rural economy of Orissa. He has suggested that more attention be paid for the supply of quality seeds, training and extension facilities, finance and marketing opportunities in the rural areas in order to attract more rural population to adopt the profession which is lacking at present.

The session started with the presentation of a paper by Dr. S. N. Misra on, ‘A Model Plan for the Development of Agro-Industries in Undivided Puri District during Ninth Five Year Plan (1997-2002)’. The paper highlighted the following objectives: (a) the potential demand existing for the agro-industrial projects in the state, (b) the available supply of these to match with the growing demand, (c) the problems encountered by agro-industries in course of their operation and finally the measures envisaged during the Ninth Five Year Plan of Orrissa to accelerate the development of these industries. Dr. Misra mentions that the demand for agro-industrial products like cashew nut, prawn products, dairy products, meat and meat products, poultry and packaging, etc. have
increased considerably. As against the demand, the supply of such products has not increased commensurately and, hence, there is a gap between demand and supply. Failure of supply to increase in paripassu with the demand of the products is due to several organizational, operational and administrative reasons. Removal of these problems through well thought out planning and appropriate policy measures would help to develop those industries to a large extent.

Dr. Sridhar Behera in his paper has discussed on,”Agro-Industries and Agricultural Efficiency in Orissa – A Study of Angul Agricultural District’. The author mentions about the low agricultural productivity prevailing in the state. The productivity is lower even in comparison to other states of the country. To increase productivity he has suggested the following : (a) to develop an efficient land-person management system, (b) to evolve proper water management system to use the valuable scarce resources, (c) to introduce organic farming and (d) to develop efficient communication system. He has summarized by saying that when all these improvements are taken into consideration, the development of agriculture and industries depending upon agriculture would likely to develop.

Dr. R.M. Mallik, in his paper, “In Processing Value-added NTFT-based Products in Orissa: Opportunities and Challenges’, has focused on non-timer forest products. He has pointed out that the existing provisions
in the forest acts, financial, technical and other institutional impediments are the major constraints for NTFP processing units. He has suggested for decentralization and locally governing system for NTFP-based value-added products by empowering Gram Panchayats to take up the management and control NTFP processing units.

Dr. N. C. Dalai presented a paper on, “High-tech Agriculture and Agro-industries. He has mentioned that Hi-tech agriculture is the key to increasing both production and productivity. He has pointed out that organic farming is presently considered as the best alternative to live in a world free of toxicity and residual effect. He has highlighted the importance of hydroponics technology and its prospects for the growth of agriculture and agro-industries depending on it.

Dr. N. K. Sahu presented his paper on, ‘Food Processing Industries and Industrial Policies of Orissa.’ In his paper he has advocated that government is required to implement agricultural and industrial policies properly. He has suggested for strengthening the linkage between processor and grower and for providing financial assistance to food processing industry in time and in adequate amounts.

Dr. Nilakantha Panigrahi in his paper, 'Prospects of Agro-Industries in Tribal Reforms of Orissa’ mentions about the importance of these industries in the tribal economy of the state. He has particularly suggested for the formation of Self-Help Groups to serve as a link
between agriculture and agro-industries and between agro-industries and the market. Since the SHG’s have worked well in the tribal areas in establishing the above linkages, the obstacles standing on their way need be removed to make them more operative.

The paper by Madhuri Padhi on, ‘Performance of Agro-produce Processing Units in Undivided Puri District’ discusses about the problems of agro-processing units and suggests measures for the removal of these problems.

The discussions during three sessions were very fruitful. Many suggestions and policy recommendations were brought to light for taking future actions for the growth of agro-industries.

It has also been observed that a number of other industries have been established at different places without taking into account any locational advantage. Since, popular pressure compelled the Government to establish small scale industries at different places, locational advantage was very of ten neglected. Locational of small scale industries. Even private enterprises did not give sufficient attention to locational advantage in establishing small scale industries. It was expected that agro-based industries would be started rural areas. But Punjab which witnessed a massive commercialization of agriculture showed also a decline in non-agricultural activities in rural areas, thus falsifying the usual Marxist hypothesis that with commercialization of agriculture,
industries would be stimulated. In Punjab, agro-based industries have been started in urban areas bypassing rural industrialization.

A question is of ten asked whether there is any relationship between agriculture and rural industries. Sethi points out that there is no clear relationship between: (a) increase in agricultural productivity, (b) rural industries and (c) agro-based industries. He refers to the studies of a number of author to justify his thesis. According to T.S. Papola, the performance of the rural industrial sector in different states is broadly related with the levels of agricultural productivity and more closely with the growth rate of agricultural output. On the other hand, according to V. Shankaranarayan, there is no strong correlation between rural industries or workers engaged in those industries with changes in agricultural productivity others like K.N. Raj and A. Vaidyanathan who have studied the problem take a rather ambiguous position. The neglect of local problem has created a lot of dislocation in the small scale industry and caused a great deal loss for the economy.

According to Economic Survey 2005, the estimated number of small units at the end of 2006 was 30.14 lakhs.²⁸ According to the latest available information compiled by RBI, the number of sick/weak units as of end March 2010, both SSI and non-SSI was 2.37 lakhs. And the amount of outstanding band credit amounted to Rs.13,787 crores as of
March 2010, of which the outstanding bank credits for SSI-sick units accounted for 26.2%.

This implies that in order to improve the viability of small scale industries such units should be located in different areas on the basis of local needs and local resources. And there should be a comprehensive study of locational advantage before locating a particular industry in a particular region. Because no industry can succeed unless it is based upon the assessment of the resource-base of the area and its development potential. We should make here a difference between traditional cottage industries and modern small scale enterprises. The operational unit of traditional cottage industries is limited, and as such, their locational problem is not so formidable. But in case of small industries, and appropriate study of needs and resources along with aptitude and skill of the unemployed would help considerably in determining the right type of location and proper size of the scale of the project. Further planning at micro-level is essential for better utilization of new plant and equipment. This emphasizes the need for skilled project evaluation in order to judge the social profitability of investment and proper utilization of investible resources.

The next important question is the choice of technique in case of small scale industries. Since we have abundant labor and paucity of capital, labour-intensive technologies are generally favoured for
augmenting modern industrial capacity for higher levels of participation, duration and efficiency of labour and little use of scarce capital resources. This approach is based on the neo-classical competitive equilibrium theory which emphasizes that production should be organized on the basis of factor endowment. Further, the choice the technique does not only depend on these two factors, i.e., labour and capital. We have also to consider another important factor, that is, skilled labour. India suffers not only from shortage of material capital, but also shortage of skill particularly in rural areas. This means India has a limited capacity absorption due to shortage of skilled personnel and of low geographic mobility of labour. If we initiate capital accumulation which exceeds the country’s absorptive capacity, it may cause inflation and tetrad economic progress to a considerable extent.

As we have already indicated, we do not deny the use of capital-intensive industries in case of large-scale industries. Such industries help in producing a distribution favourable to profits, and in turn to capital accumulation. As inadequacies in the supply of capital are considered to be a basis inhibition to economic growth, the use of capital-intensive technologies in large scale industries helps in the rate of growth in the long-run. Though, they yield a lower volume of present employment and consumption, they promise a higher rate of economic growth in the future, and therefore, a higher potential level of employment and
consumption in the future. But this technique brings about a greater degree of unequal distribution of income between the producers who obtain the surplus, and also between those workers who obtain immediate employment and those who for the present are left unabsorbed in the productive process. Thus, if small scale industries are organized in a proper setting, they can probably correct such type of maladjustment, and bring about greater equitable distribution of income, provide more employment facilities and maintain regional balance in the economy.

But the question which important is: do the small scale enterprises need lesser capital investment than big industries? This doctrine has been challenged by P.N. Dhar and H. F. Lydall. According to them, when the smaller plants are modern and mechanized, they do not have a particularly advantageous output-capital ratio. From the stand point of saving capital, there is much to be said for the traditional village industries, but not the modern small enterprises which we propose to start as viable unit for changing the industrial structure of the country. Further, the small enterprises cannot be forced out into rural areas. They require an urban environment in order to flourish.

The arguments of Dhar and Lydall lead to the conclusion that modern small scale industries are fairly capital-intensive; that, these units do not generate more employment per unit of capital than large scale industry, they are generally concentrated in large urban areas and pay
lower wages to workers’ and compared to large scale industries, are less efficient. Therefore, there is no justification for giving preferential treatment to modern small scale industry.

Hajara and Sandesara also came to the conclusion that small scale industries are less efficient compared to large ones. Hajara used the Census of Manufacturing Industries (CMI) data for 17 industries for 1958 and reached the following two conclusions (i) both labour and capital productivity are low in small scale industries, and (ii) the ratio of material cost to value-added is high in small scale industries (suggesting thereby, inefficiency use of material inputs). Sandesara used CMI data for 28 industries for the period 1953-58 and undertook a comprehensive study of the relationship between sizes various important ratios, like the capital – labour ratio and the output-capital ratio. He came to the conclusions that, for a given volume of investment, small scale units neither generate more employment nor produce more output compared to large scale units.

Golder makes also a comparison of the technical efficiency of small scale and large scale industries for the year 1976-77. His study which is confined to 37 industries at the three digit level, shows that SSIs (compared to the large scale industries) generally have low labour productivity, high capital productivity, low capital intensity (measured as capital per employee) and low total factor productivity. He also finds that the modern small scale sector in a large number of industries. He also
finds that the relative efficiency of the SSIs varies directly with capital intensity, so that SSIs cannot be relied upon as a source of efficient employment generation.

We have also several other studies which fail to establish a strong systematic relationship between firm size and technical efficiency, Patibandla (1992) examining a sample of firms in a sub-sector of the metal products industry, finds that very small and very large firms are technically very inefficient and middle size groups appear to be most efficient, little etc.

As per recent studies the turnover of the total food market is approximately Rs.250000 crores (US $ 69.4 billion) out of which value-added food products comprise Rs.80000 crores (US $ 22.2 billion). The Government of India has also approved proposals for joint ventures, foreign collaborations, industrial licenses and 100% export oriented units envisaging an investment of Rs.19100 crores (US $ 4.80 billion) out of which foreign investment is over Rs. 9100 crores (US $ 18.2 Billion). The agricultural food industry also assumes significance owing to India's sizable agrarian economy, which accounts for over 35% of GDP and employs around 65 per cent of the population. Both in terms of foreign investment and number of joint-ventures / foreign collaborations, the consumer food segment has the top priority. The other attractive features of the Indian agro industry that have the capacity to lure foreigners with
promising benefits are the deep sea fishing, aqua culture, milk and milk products, meat and poultry segments. Excellent export prospects, competitive pricing of agricultural products and standards that are internationally comparable has created trade opportunities in the agro industry. This further has enabled the Indian Agriculture Industry Portal to serve as a means by which every exporter and importer of India and abroad, can fulfill their requirements and avail the benefits of agro related buy sell trade leads and other business opportunities.

This Indian agro industry revolution brings along the opportunities of profitable investment and agriculture-industry-india.com provides you the B2B platform with agro related trade leads, exporters & importers directory etc. that help you make your way to profit easy. To lead yourself to the destination of profit through the Indian Agriculture Industry, know maximum about the EXIM policy, programs & schemes, price policy, seed policy and statistics at the Indian agro portal and harvest benefits from India, world's second largest producer of food and a country with a billion people. From canned, dairy, processed, frozen food to fisheries, meat, poultry, food grains, alcoholic beverages & soft drinks, the Indian agro industry has dainty areas to choose for business.

The agro industry is regarded as an extended arm of agriculture. The development of the agro industry can help stabilize and make agriculture more lucrative and create employment opportunities both at
the production and marketing stages. The broad based development of the agro products industry will improve both the social and physical infrastructure of India. India is one of the largest producers of food, and is the largest producer of milk, sugarcane and tea, as well as the second largest producer of rice, wheat, fruits, and vegetables in the world. Nearly 70% of the population depend on agriculture and agro-based industries. Since it would cause diversification and commercialization of agriculture, it will thus enhance the incomes of farmers and create food surpluses. The agro industry mainly comprises of the post harvest activities of processing and preserving agricultural products for intermediate or final consumption. Market opportunities for the sale of fruit juices, sauces, squash, pulp and ketchup, syrups, vinegar, barley water and canned fruits have increased considerably. It is a well recognized fact across the world, particularly in the context of industrial development that the importance of agro industries is relative to agriculture increases as economies develop. It should be emphasized that food is not just produce. Food also encompasses a wide variety of processed products. It is in this sense that the agro-industry is an important and vital part of the manufacturing sector in developing countries and the means for building industrial capacities. 

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2.8 GOVERNMENT POLICY REGARDING AGRO-BASED INDUSTRIES

Prof. Arun Bhargav has explained the Govt. Policy regarding Agro-based Industries in his book, “Rural Marketing and Agriculture in India”. 33

Following liberalization in 1991, government followed a liberalized overall policy regime, with specific incentives for high priority food processing sector to provide a conducive environment for investments and exports in the sector. The government has accorded a high priority to the food processing sector to encourage commercialization and value addition to agricultural produce; for minimizing pre/post harvest wastage, generating employment and export growth.

Recognizing that a robust and dynamic food processing sector is to play a vital and stellar role in the new emerging global economy all policies and plans for the food processing industries is coordinated by the - Ministry of Food Processing Industries. The Ministry was reconstituted In September 2001. The thrust of the changes has been in: deregulation of the industry, addressing the policy changes required to provide a fair playing field to the private sector, focus on development in infrastructure and creating support institutions.
**Regulations and Controls:** The key steps towards deregulation of the industry include:

- **FDI Norms:** 100% FDI in food infrastructure
- **No industrial license required for all food and agro processing industries**
- **MRTP (Monopolies and Restrictive Trade Practices Act) and FERA (Foreign Exchange Regulation Act) norms relaxed to encourage investment**
- **Liberal export/import except for items on negative list**
- **Capital goods for food processing Industry (including second hand machinery) freely imported**

**EMPHASIS FOR INFRASTRUCTURE DEVELOPMENT**

Upgrading infrastructure for food processing, is a key priority for the Ministry of Food Processing. Several initiatives for upgrading the infrastructure are presented in the Annual Report of the Ministry of Food Processing Industries, 2005-06.

**Food Parks:** The idea behind setting up of food parks is that small and medium entrepreneurs find it difficult to invest in capital-intensive activities. Therefore, as a part of the strategy to develop food-processing infrastructure- the Ministry has been proactively pursuing the task of
setting up of food parks in different parts of the country. In the food parks, common facilities like cold storage, food testing and analysis laboratory, affluent treatment plane, common processing facilities, packaging centre, power supply, water supply, seminar/conference/training facilities etc. can be assisted.

**Integra Led Cold Chain Facilities:** The scheme is intended to improve viability of cold storages and enhance cold storage capacity.

**SUPPORTING INSTITUTIONS**

Several supporting institutions and mechanisms have been put in place to meet the changing needs of the agro processing sector enhancing farmer information about markets and modern farming practices, developing linkages with private sector, providing venture capital, providing support for exports, etc.

**AGRI-CLINICS AND AGRI-BUSINESS CENTERS**

The Ministry of Agriculture, Government of India, in association with NABARD has launched a unique programme to enhance the reach of modern farming technologies to farmers across the country. This program aims to tap the expertise available in the large pool of Agriculture Graduates. Through this program, agricultural graduates are
trained in offering professional extension services to farmers by setting up an AgriClinic or AgriBusiness Centre. To provide support to this program, government is now also providing start-up training to graduates in Agriculture, or any subject allied to Agriculture like Horticulture, Sericulture, Veterinary Sciences, Forestry, Dairy, Poultry Farming and Fisheries, etc. Those completing the training can apply for special start-up loans for venture.

Under the Government of India scheme of Agri-Clinics and Agri-Business centre, about 2615 agriculture graduates have been trained through 58 identified training centers. After completion of the training 436 agripreneurs have already taken up 40 types of different agriventures.

SMALL FARMERS AGRIBUSINESS CONSORTIUM

The establishment of the Small Farmers’ Agri-Business Consortium (SFAC) in 1994 was a sequel to the Finance Minister's 1992-93 Budget Speech including Government of India's intention to set up an autonomous body for the promotion and development of small farmers’ agri-business activities. Such a body would be funded by institutions such as the RBI, NABARD, IDBI and the like.
**Government Policy for Organic Agriculture**

The National Program for Organic Production (NPOP) was approved in May 2001 by the National Steering Committee for Organic Products (NSCOP), under the Ministry of Commerce. The NSCOP consisted of representatives from the Ministry of Agriculture, Commodity Boards, Food Processing Industries, Forests and Environment, Science and Technology. Rural Development and Commerce, and Trade and Exportes.

**Government of Maharashtra has declared 'Maharashtra Grapes Processing Industry Policy, 2001', as described hereafter:**

1. **Declaration as a Preferential Area:**

   As the Winery industry does not fall in the preferential area of granting loans, the financial institution like NABARD does not grant loans in such industries. Therefore, to get the high price of the product for farmers and to create better employment in the state, NABARD may be requested to declare preferential area for Winery Industries, enabling to grant such requisite loans.

2. **Declaration as a Small Scale Industry:**

   Within the limits of investments prescribed for the Small Scale Industry, wineries should be considered as a Small Scale Industry.
3. Concessions in Excise Duty:

For those wine industries whose production has been started before 19th September, 2001, the excise duty will be charged at the rate of 50 per cent of the production expenditure incurred by such units instead of present 100 per cent rate. For those wine industries whose production has been started or would be started on or after 19th September, 2001, the excise duty will be charged at the rate of 25 per cent of the production expenditure incurred by such units. Such concessions will be admissible for period of 5 years.

4. Concessions in Sales Tax:

It has been decided with the consent of all states in the country that the floor rate of Sales Tax on liquor will be at the rate of 20 per cent. However, the Wine Process is totally different from the Liquor Production Process and wine unit is considered as agriculture process unit by the Central Government. Therefore, to encourage the Grapes Processing Industry in the state, a request will be made to the Empowered Committee of Finance Ministers of all states constituted by the Government of India to reduce the floor rate of Sales Tax on wine.

5. Wine Sales License:

Wine will be permitted for sale by Beer Bars and also licenses will be given to Wine Bars to sell wine on the basis of Beer Bars.
6. Wine Sales License Fee:

An amount of Rs. 5000/- per year will be charged for License Fee for the sale of wine and this rate will not be changed for next 10 years.

7. Simplification in the system of License/Permission for Wine Production:

If Wine production is taken in Winery Park as declared by the State Government, Wine Product License will be given at district level at the time of allotment of Plot. In other places for Wine Production, by simplifying the system of License the Collector of the district level will be empowered with a binding condition to issue licenses within 30 days.

8. Establishment of Wine Institute:

To maintain the quality of Wine at the International Level and to make available trained man power, a separate Wine Institute will be established. For setting up of the Wine Institute, Government/ MIDC will allot the plot at the nominal rate as given to the other educational institute. Such Institute will look after the work of training, checking the quality of wine, research and information centre for the Wine Industry. These institutes will be established by forming separate trust firstly at Sangli and Nashik. For this purpose, by choosing appropriate alternative from the following alternatives, training institutes will be established:-
a) To help the existing trust for formation of training centre.

b) To establish training institute in joint venture with the existing trust.

c) To establish training institute by creating a separate trust.

9. One Window System:

For Winery Industry, essential license, plot, electricity supply, telephone etc. infrastructure will be made available with One Window System.

10. Establishment of Grapes Board:

A Grape Processing Industry Board would be established for Wine and other Grape Processing Industry in Maharashtra. The Board will consist of representatives from the concerned industry, Grapes producing farmers, State Government, government laboratories, wine institute etc.

The organisation and functions of similar kinds of Boards existing in other countries will be examined before establishment of Grape Board in Maharashtra on same standards. The jurisdiction of the said Grapes Board will be as under:-

a) To inspect and control the Quality of Grape Cultivation and Wine Production.

b) To give approval to Lables.

c) To inspect Quality and Standard Norms.
d) To draft various Schemes for Sale of Processed Grape Products on the Global Level.

11. Facilities of Food Processing Industries:

The facilities which are given to the food processing industry units will be given to the Winery Product Units by giving them the status of Food Processing Units.

12. Wine Product Units - Permission for the Tourists:

In foreign countries, permission is given to watch the Wine Product Units. In similar manner, in Maharashtra also, permission will be given to the tourists to visit Wine Product Units for testing the wine. Also, licenses will be given to such Wine Product Units to sale wine on retail basis.

13. Taxation on Imported Wine:

a) **Excise Duty:** Excise Duty cannot be charged on the Imported Wine. It would be examined as how to charge tax equivalent to the percentage of excise duty on the Imported Wine by other ways.

b) **Fees on Labels and Brand:** No fee on Labels/Brands is charged on Imported Wine. However, fee is charged on the wine produced in the state and the country. This issue would be examined fees will be charged on labels and brands.

To simplify the procedure in the collection of excise duty and for creating easiness in the control of Excise Dept., a committee would be constituted under the Chairmanship of Principal Secretary (Excise) as under:-

1. Principal Secretary (Excise), Home Dept. Chairman
2. Secretary (Industries) Member
3. Secretary (Agriculture) Member
4. Development Commissioner (Industries) Member
5. Representative of Winery Product Units Member
6. Managing Director, MTDC Member
7. Commissioner (Excise Dept.) Member Secretary
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