CHAPTER-VIII  FINDINGS AND SUGGESTIONS

Through applying a mix of quantitative and qualitative research methods, this research has been able to understand the impact of agro-based industry in terms of employment and socio-economic development of rural poor in the districts of Saharanpur and Muzaffarnagar. The study also attempted to understand the components of socio-economic status of rural poor in the districts of Saharanpur and Muzaffarnagar. The findings have been mixed.

To understand the impact of agro-based industries on employment in the districts under study people association with the Agro-based industry and the role in which they are associated was studied. To identify whether both the districts vary significantly chi-square test was used.

Measuring socio economic conditions of rural poor involves first defining socio economic parameters and then developing a scale to measure those parameters. If required the scale should also be able to be converted in a socio economic index of individual household being studied. Analyses of socio economic conditions of rural poor involve analyzing these household on different parameters and comparing them with households belonging to other district. For the purpose of measuring and analyzing socio-economic conditions of rural poor a scale was developed which contained seven indicators (house, materials possession, education, occupation, monthly income, land, social participation and understanding). Out of these first six indicators relate to economic status and last relate to socio-political status of the household. These indicators were named as profiles. This instrument was prepared on a 10-point scale for profile one to six each. Profile seven was a 40 point scale. Weightage system of scoring (varying from 0 to 10) was followed from first to sixth profile while the additive pattern of scoring was followed in seventh profile. In other words economic indicators were having a 60% weightage and socio-political indicators were having a 40% weightage in the scale. Once the information on the seven profiles was collected, scored and added, the SES categories could be derived by the score range using inclusive method. Final score obtained out of 100 was divided by 10 to again bring the socio-economic score at a 10 point system.

Data for the study was collected primarily through a household survey conducted in select villages from all the development blocks of district Saharanpur and
Muzaffarnagar. There are eleven blocks in district Saharanpur and fourteen blocks in Muzaffarnagar. Firstly, a complete list of village falling in each block was obtained and a sample of two villages was taken from each block from each district. Secondly a sample of 10 house holds has been drawn randomly from each village by using the voter list of selected villages. This resulted in a total sample of 500 households. These households have been studied to find out the effect of agro-based industries on the socio-economic conditions of rural poor.

For analyzing the data collected at the first level descriptive statistics like frequencies, percentage, cross tabulation, mean, standard deviation, skewness and kurtosis were used. In the second stage chi-square test and independent sample t-test was used as these are the most commonly used method to evaluate the differences in between two independent groups. Chi-square test for independence is applied when we have two categorical variables from a single population. It is used to determine whether there is a significant association between the two variables. Theoretically, the t-test can be used even if the sample sizes are very small, as long as the variables are normally distributed within each group and the variation of scores in the two groups is not reliably different. Before conducting the test procedure it was ensured that all the assumptions are satisfied.

**Findings of the Study**

**District-wise Association with Agro-based Industry and Roles**

In district Saharanpur respondents directly associated with agro-based industry were 51.8% which are more then district Muzaffarnagar for which it was 46.4%. However in case of indirect association respondents from Muzaffarnagar were more then that of Saharanpur. In Saharanpur more respondents was not having any association with agro-based industry then that of Muzaffarnagar. Thus in Saharanpur more respondents were either not-associated or direct associated with agro based industry. On the other hand in Muzaffarnagar more respondents were having indirect association with agro-based industry then district Saharanpur.

To determine whether there is statistically significant difference in both the districts under study in terms of persons association with agro-based industry Chi-square test was performed at 95% confidence. It was found to be significant and hence it is
concluded that the districts Saharanpur and Muzaffarnagar are different in terms of association with agro based industries.

In terms of role in which people are associated with agro-based industry it was found that more respondents from district Saharanpur are associated in all the direct association roles like owner, employee, raw material supplier, professional service provider and Marketing of agro-based products. To determine whether there is statistically significant difference in both the districts under study in terms of role in which persons are associated with agro-based industry Chi-square test was performed. The results were found to be insignificant. Hence it is concluded that the districts Saharanpur and Muzaffarnagar do not differ in terms of persons association with agro based industries in different roles.

**Religion-wise Analysis of Association with Agro-based Industry**

It was found that more Hindus were having direct and indirect association with agro industries then Islamic and others category. To know whether difference in terms of religio-wise association with agro-based industries is statistically significant, Chi-square test was conducted and it was found to be insignificant. Hence it is concluded that there is no difference in terms of persons from different religion’s association with agro based industries. In other words persons from different religions do not differ for their association with agro based industries.

Analysis of the roles of people in which they are associated with agro-based industry with their religion found that more Hindus are associated with agro-based industry as employees, professional service providers and doing marketing of products of agro-based industries than Islamics. However majority of owners are from others category. Probable reason may be that there are many persons in the districts who have migrated from adjoining States of Haryana and Punjab, where entrepreneurship culture is stronger then UP. People are adventurous, risktakers and innovative; the traits which make entrepreneurs and hence many of them are owners of the agro-based industries. Similiarly maximum proportion of Muslims was found to be Raw material suppliers for agro-based industry. Researcher feels that probably the reason of this pattern is the caste system among Hindus as the persons from the lower casts make majority of the workers for agro-based industries. Though, the impact of caste was not specifically studied by the researcher.
To know whether difference in terms of association with agro-based industries in different roles as per religion is statistically significant, Chi-square test was conducted and it was found to be statistically significant. Hence it is concluded that religion have a influence on the peoples roles of association with agro-based industry. In other words persons from different religions differ in the roles of their association with agro based industries.

**Analysis of Socio Economic Scores of Saharanpur and Muzaffarnagar**

To analyse the socio-economic status comparision of means with independent sample t-test was done for not onle combines socio-economic score but also for different profiles which constitute socio-economic score.

The mean value for House Profile for district Muzaffarnagar is higher than the mean value for district Saharanpur. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for House Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts do not differ in terms of House profile.

The mean value for Material Possession Profile for district Saharanpur is higher than the mean value for district Muzaffarnagar. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Material Possession Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts do not differ in terms of Material Possession profile.

The mean value for Education Profile for district Saharanpur is higher than the mean value for district Muzaffarnagar. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Education Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts do not differ in terms of Education profile. The difference between both the districts is because of the chance factor.

The mean value for Occupational Profile for district Saharanpur is higher than the mean value for district Muzaffarnagar. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Occupational Profile indicate that the difference is statistically insignificant. Hence it can be
concluded that both the districts do not differ in terms of Occupational profile. The difference between both the districts is because of the chance factor.

The mean value for Income Profile for district Muzaffarnagar is more than the mean value for district Saharanpur. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Income Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts differ in terms of Income profile. The difference between both the districts in terms of income of people is real and not because of the chance factor.

The mean value for Land/Land Cost Profile for district Muzaffarnagar is higher than the mean value for district Saharanpur. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Land/Land Cost Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts differ in terms of Land/Land Cost profile. The difference between both the districts in terms of Land/Land Cost of people is real and not because of the chance factor.

The mean value for Socio-Political Profile for district Muzaffarnagar is higher than the mean value for district Saharanpur. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Socio-Political Profile indicate that the difference is statistically insignificant. Hence it can be concluded that both the districts do not differ in terms of Socio-Political profile. The difference between both the districts in terms of Socio-Political profile is because of the chance factor.

The mean value for Socio Economic Score for district Muzaffarnagar is higher than the mean value for district Saharanpur. Results of independent sample t-test for comparison of mean for district Saharanpur and Muzaffarnagar for Socio Economic Score indicate that the difference is statistically insignificant and district Muzaffarnagar and Saharanpur are on the same level of socio-economic development. Hence it can be concluded that both the districts do not differ in terms of Socio Economic Score. The difference between both the districts in terms of Socio Economic Score is because of the chance factor.
By summarising the findings for individual profiles it was found that district Muzaffarnagar is more developed on Income (Savings/ Indebtness) Profile, Land/Land Cost Profile. In terms of House Profile, Material Possession Profile, Educational Profile, Occupational Profile there is insignificant difference between district Muzaffarnagar and Saharanpur. However both the differences do not differ significantly for overall socio-economic score. Whatever difference is being observed is because of chance factor.

**Status of Agro-based Industry and Role**

The study found that agro-based industry is reasonably well developed in both the districts. If the districts are compared with other districts of Uttar Pradesh it can be concluded that these districts are among the top 10% in terms of development of agro-based industry. However it was found that following reasons work as obstacle for development of agro-based industry:

**State of Agriculture**

Influence of agriculture to achieve sustainable and peaceful living condition is often underestimated. Livelihood of majority of rural people depends on agriculture, which is dominated by small scale farmers. It is for these reasons that agriculture, in today’s literature is regarded as the corner stone of the rural development and poverty alleviation. Despite agriculture’s vital role in rural socio-economic development, it is faced by challenges that hinder the establishment of sustainable and lucrative agro-based industry development. These challenges are: the fragmented land ownership (predominately poor resource-emerging farmers); low public and private sector investment levels, and declining productivity. In district Saharanpur agriculture sector is relatively poor in modern technology, comprehensive support measures and resources, thus it is difficulty to maximize opportunities. The quality of soil and geographical features of the district also puts limits on the agricultural growth of the district. Main exports from the district Saharanpur are wood craft items on the other hand district Muzaffarnagar mainly exports industrial goods.

**Infrastructure**

Much of the potential of small firms to grow and nurture innovativeness is shaped by the kind of infrastructure, both physical and economic, available and can be accessed at reasonable costs. Unfortunately, the ramifications of infrastructural constraint
faced by small firms remain one of the most neglected areas of enquiry. Saharanpur being located at extreme end of the State of Uttar Pradesh at the foothills of Himalayas is little isolated in terms of transport connectivity from rest of the State. This works as great limitation for the district and result in low level of socio economic development of the district.

**Technical and Managerial Skills**

By nature rural and agro-based processing industries involves large number of steps, which requires multiple skills at different stages of the production process. Inadequacy of skills at any stage of the processing ruins the quality of the products. Actually the poor quality of rural and agro-based products is mainly due to the lack of proper skills of the workers. Although, skill availability was not specifically studied, it is often cited reason for the under development of any region.

**Support services**

Besides infrastructure, skill and technology several other support services are also equally important for the promotion of agro-based industries. Some of the important additional services required for the smooth functioning of these industries include communication services, security, safety and financial support at the time of crisis. As discussed above because of disadvantageous location of district Saharanpur these support services finds poor presence in the district and lead to low level of development of the district.

**Marketing Problems**

Apart from these, rural producers in both farm and nonfarm product categories are facing serious problems about technical and marketing knowledge. They are also ignorant about modern marketing issues like quality, delivery schedule, packaging, after-sales-service, etc. Because of this many of the small entrepreneurship ventures fail.

**Entrepreneurial and Developmental Ecosystem**

For economic and industrial development entrepreneurial ecosystem has found to play a key role. Because of the historical and locational reasons district Muzaffarnagar got more heavy industries both large and small scale. This industrial base of the district provided the necessary ecosystem for the later industrial
development of the district. In terms of this entrepreneurial ecosystem district Saharanpur far lagged behind district Muzaffarnagar.

**Urban bias**

Despite all efforts by Government it is believed that government policies are biased in favour of urban areas which have prompted migration from rural areas to cities/urban areas and thereby increasing the size of the urban regions and urban population. This migration does not produce long term sustainable economic growth, equitable development which is possible by aiding agriculture and promoting agro-based industry. It is also evident that the urban bias diverts resources away from agriculture and rural areas. This tendency was found more in district Saharanpur than district Muzaffarnagar.

**Loan finance**

For decades, the most dominant constraint facing the small enterprise sector has remained access to loan finance, in adequate and timely manner. As a national level study observed, “there are strong structural underpinnings to the inadequate flow: the organizational structure of banks, and processes within them, have taken them far from task orientation, and have created a specific bias against small loan portfolios”. The comparison of the data for margin money sanctions, utilized and subsidy provided for districts Saharanpur and Muzaffarnagar over a period of last twenty years indicate that it was better for district Muzaffarnagar as compared to district Saharanpur.
Suggestions

From the study it can be concluded that both the districts are reasonably well developed in the State of Uttar Pradesh. The study found that the difference in both the districts is statistically insignificant. However to further enhance the growth of agro-based industries in the districts following measures are suggested which are based on the researcher’s observation during interaction with people and secondary data sources:-

The district Saharanpur needs to be connected better with rest of the State by all means of transport and communication. An expressway may be constructed providing connectivity to the State of Uttaranchal through the district. This is believed to be a bold step for the development of not only district but of region.

Widespread issues such as desertification, soil erosion and growing scarcity of arable land and quality water supplies have a direct impact on agro-based industry. Rural poor face diminished prospects of employment as the environment on which their livelihoods depend becomes more and more degraded. Deforestation is an example of the impact of poverty in rural areas. District Saharanpur is more dependent and strong in forest and wood based industries. Large scale plantation to support these industries is also recommended.

Increasing the level of education is one of the key to development. Educating girls is one of the keys to development. Early drop-out of school by young women is a precursor to poverty. The longer a girl stays at school the smaller her family will be, the more likely that her children will survive infancy, the better cared for her children will be, and the more likely it will be that her family will move up on socio economic scale. Thus one of the strong suggestions is strengthening of skill development programmes for generating employment. Specific programmes need to be designed developed and successfully implemented which facilitates women contribution to economic activities and social awareness.

A large proportion of rural youth who work do so in off-farm paid employment, many outside the agricultural sector. So rural youth should be given the opportunities both to be productive agro-entrepreneurs and to learn specific agricultural, agro-industrial or non-agricultural skills demanded by agro-businesses. Core work skills such as problem solving, communication and teamwork skills must be emphasized in
any training programme, in order to prepare rural youth for work in a knowledge and skills-based society.

Formal training establishments currently do not have sufficiently flexible training methods and do not provide training sufficiently in line with the existing realities. Current vocational training options often focus on developing manual skills for rigidly defined occupations. Traditional apprenticeships are often a successful means of skills transfer but have weaknesses which need to be overcome by matching labour demand and supply. Rural youth need to learn by doing and they need to implement the skills they acquire if they are to be productive members of the community and contribute to socio economic development.

Often business start-up costs are the major obstacle preventing rural youth from creating their own employment opportunity. Rural youth often do not have sufficient capital to start a business. However, credit is seldom available or sufficient for rural youth. Rural youth, in particular young women, are unlikely to be given loans by mainstream banking and credit institutions as they are considered to be too high a risk. But given the right support, these youth enterprises can succeed and loans will be repaid. Start-up costs are often very small and loans for these small amounts need to be more readily available to rural youth.

When technology is affordable and appropriate, it can be applied in a number of ways and youth can develop the technology suitable for their needs while creating employment for themselves or enhancing their productivity. If youth have sufficient support, including access to finance, then low-cost appropriate technology need to be developed, disseminated and promoted in enhance rural industrialization and in turn increase socio economic development.

Many researchers have found that strong entrepreneurial ecosystem plays a crucial role in economic and industrial development of the region. Because of the historical and locational reasons district Muzaffarnagar got more industries both large and small scale. However entrepreneurs of Saharanpur need to be provided a good network and mentoring system from experienced professionals and successful entrepreneurs. Governmental agencies, non-governmental organisations and entrepreneurs themselves need to develop strong network and support and mentoring system.
**Conclusion**

Under development is a serious challenge and leads to economic disparities and social unrest.

However, these disparities may be found within societies.

Ignoring rural development and agriculture by diverting resources from it to urban bias policies indeed perpetuates underdevelopment.

Despite India being a country of villages and agriculture being the corner stone of development it is faced by many challenges such as lack of resources, infrastructure, investment, skills and comprehensive support.

The problem gets compounded by urban bias policies and ever increasing population with lack of resources and skills in rural areas.

Therefore, it is imperative for Governments to invest more in rural areas and rural and agro industries to have a balance development in the country.