Chapter -VII

PROBLEMS AND DIFFICULTIES

1. The successful implementation of any project depends upon the efficiency of the project entities. The project entities are the agencies, which serve as via media between the agro-based industries and the financing banks (ultimate lenders). In the case of agro-based sector and agro-based unites are the project entities. The basic functions of these bodies is to identify the prospective agro-based industries assign suitable non farm activities to them, prepare project profiles and reports, guide in filling up of loan application form provide assistance in the form of margin money or subsidy and organise training programmes, etc. Thus, the project entities have to provide multifarious linkages.

Some Observations Regarding Problems and difficulties of agro-based industrialization in Auraiya Economy

There are some observations, in this context, regarding highly backward, lop-sided and static economy of Auraiya where agro-based industries form a sizeable proportion of the total industrial base. They are as follows:

(i) A agro-based Industries Center is functioning in the district to promote industrial development especially small, cottage and village
industries. The agro-based Industrial Centers is the key project entity in the district, in the district. It had been collecting data relating to the types of units existing in the district. However, it was not making any wholehearted effort to identify the potentialities for the district. It does not create the awareness about the agro-based sector in general. No training programme pertaining to this is conducted by District Industries Center (DIC). The Industrial Training Institutes are providing some kind of training but that is not very helpful and is confined to limited activities, NABARD also organises training programme in the districts under Rural agro-based Industries Development Programme so as to promote Rural area but it is not sufficient to promote agro-based sector.

(ii) U.P. State Industrial Development Corporation Ltd. has also developed agro-based industrial areas. In addition, areas have not been set apart for agro-based industrial development in different blocks.

(iii) While agro-based industries market their products through the channel of well-organized network throughout the country, the tiny and village industry and agro-based sector face problems in marketing their products. U.P. State. Industrial Development Corporation helps to mitigate the marketing problems of agro-based sector to some extent. But agro-based sector still resort to 'distress sale' on some occasions, The
situation may not improve as Government may come out with some initiatives in this direction.

(iv) One major constraint faced by almost all the agro-based units was the tough competition from large units. Additionally, these units did not get any demand from the farmers as the recurring droughts had forced them to curtail their expenditure on social ceremonies. The fear of these agro-based units was no doubt genuine as they were losing customers gradually. There has been a consciousness among the people in general to go for the branded products. As the purchasing power of the people increases, the tendency is to move towards the branded products.

(v) Under these circumstances agro-based units needs to forge alliance in the matter of making and production; since there are so many types of instances of tie up in other activities. The most important pre condition for such type of tie up is the quality control regime, which has not to be followed up strictly by the sample units.

(vi) Apart from a very few agro-based units located at scattered at scattered places, the units are virtually absent in the districts. Even though the policy initiative of the State Govt. has been quite encouraging, the lack of general utility services like water and electricity has been cited as the main stumbling blocks on the path of progress of these units.
(vii) One of the major problems faced by agro-based industries is part corps loss. There is no data available to the extent to losses of perishable commodities in India. The amount of fruits and vegetables has been reported to be between 5-25 percent in developed countries and 20-50 percent in developing countries. Food and crops loss has been reported to 40-43 percent for perishable commodities. This is a clear indication that developing countries are yet to evolve appropriate technologies to minimize the corps loss. India is not an exception. Those crops losses in India can be generally described to -

(i) Crops before maturity in the case of mangoes, bananas, pineapples etc.

(ii) Unsatisfactory factory methods of packing.

(iii) Lack of proper technology for handling, storing and processing.

The development of appropriate technology for reducing crops loss can be highly cost effective and can immediate impact on total production. Further appropriate crops technology should not be developed, particularly for export market to maintain competitiveness.

(viii) Food fruit crops, handling grading, packaging, storing and transportation practices followed by the growers and traders all not developed locally. Fruits are either manually handpicked. As result, the
damage. caused to harvested fruit is high. Packing and storage of fruits are often done in dismanner.

(ix) There are some local industries which are not thriving due to various reasons. One such industry produce a kind of sweet using sesame seed mainly in northern part of country. It may be wroth while to look into the problems of this industry for its proper development and growth.

(x) Main problem is finance because financial institutions not give concessional rate of interest these agro-based industries.

(xi) These units often face raw materials problem (i.e. supply bottlenecks) as raw materials (i.e., agricultural produce) is a direct function of good Monsoons;

(xii) They also face stiff competition from large-scale industries and urban products and substitutes. The results is that with the given level of technology, capital deficiency, low level of managerial skills, traditional products and markets the industries as such only try for existence;

(xiii) A lake of diversification in processed products has led them to operate in static conditions;

(xiv) It is observed that there is a problem of linking of agro-based industries with local material supply in terms of costs and prices;

(xv) A weak pattern of emerging demand hinders the output expansion of these units due to substitutes manufactured by large-scale industries;
Then, there is a problem that lack of suitable organisation for marketing and inability to reach non-local markets themselves the agro-units compete among themselves to sell their products to traders;

The traders take advantage of their situation not only by paying low prices but also delay payments hence often entrepreneurs have no intension to expand their activities;

There exists a question of quality of products and their durability, mainly pertaining to agricultural implements;

This is because the units, owing to capital deficiency, do not take-care of renovation of skill, technological improvements and R & D efforts;

There is a problem of acquiring loans and advances on reasonable rates of interest for a long-period of time, Added is the fact that units as such often suffer from non-payments of loans and dues. Harassments by DIC office and bank managers make the situation worse;

In a way the agro-units do not work with optimum capacity because of the bottlenecks, inputs, non-availability, uncertainties, market uncertainties, taxes’ burden and industrial sickness;

The problem of unskilled management of the ‘Units’ leads to labour inefficiency, capital wastage and out-put deficiency etc.;
(xxiii) The state government policies have not been conducive and specific towards expansion of these industries; and

(xxiv) Lastly, "shyness" of entrepreneurship and its third rate quality have generally been responsible for lower level of output, lack of diversification of the products markets' traditionalism etc.

The market for the processed products is an ever-increasing one and in this background the agro-based units like Rice Mill, Flour Mill, Dal Mill, Oil Mill, Food processing, etc. stand a very good chance of improved their performance. But the study depicted that following various factors are responsible for slow utilization of resources in agro-based industries in the district Auraiya. These are shortage of raw material and power, extent of power cuts, lack of finance, lack of demand, low level technology, poor management, low productivity, lack of quality control and labour problems etc.

Agro-based industries are facing the various following difficulties. Lack of raw material, shortage of finances, old methods and inferior technique of production, inadequate marketing facilities, competition from other industries and unused capacity etc.

Agro-based sector have certain disadvantage as compared to those in other scale organised units. They cannot always compete with them in the matters like procurement of raw materials, technical skills, capital and
faience, modernization of plants, sales network and advertising patronage by the government departments and building infrastructural facilities due to limited resources. Another aspect is that they are unaware of the information available. This lack of awareness of full information regarding technical know how, new machinery development manufacture of new varieties, development of new designs, Fashion trends, quality control, cost control, marketing techniques and export possibilities. This widened the gap between their decision and implementation and acting as a stumbling block to evolve a consistent policy.

Several schemes started by the government have not been able to make serious impact on development of agro-based industries in district Auraiya due to the following factors :-

- Lack of clarity in objectives and inadequate attempt to their multiple roles.
- Difficulties in identifying target groups and inability to reach the needy agro-based industries.
- Lack of development cadres with proper training and orientation.
- Failure to mobilise community support and provided a base to agro-based industries programmes by linking them with local development institutions.
- Rigidity in design and structure of the programme.
It may be stated that administrative inefficiency, corruption and most important to all, lack of political will are the chief causes for the non-implementation of programmes for agro industrial welfare. The main thrust of the planners is towards economic growth without taking into consideration the socio-cultural dimensions of this planning exercise programmes for agro-based industrial welfare in Auraiya are targeted towards growth of employment and productivity without keeping in mind the socio-economic barriers (like caste, inability to repay loans, skills etc). Above all there is a lack of awareness about the schemes relating to agro-based industries which may hinder their participation in the development process.