ABSTRACT

The term 'agro-industries' means industries manufacturing inputs for agriculture as well as industries engaged in processing of agricultural raw material. Agencies engaged in manufacturing agricultural inputs like fertilizers, pesticides, tractors, trailers, seeds and other farm equipment and machinery and servicing centres and repairing workshops—all are termed as agro-industries while those processing output as basic raw material are known as agro-based industries. The agro-based industries are aimed at the maximum utilisation of primary and secondary agricultural produce such as paddy, wheat, sugarcane, cotton, tobacco, jute, chillies, fruits, vegetables, groundnuts and other oil seeds. They also include industries making use of surplus agricultural waste like straw, shells, husk, sugarcane bagasses, jute sticks, etc. The secondary and third stages of processing like bakery, starch making and biscuit making also come under the term agro-based industries.

The present study of agro-based industries is confined to the products of plant and vegetable origin of Andhra Pradesh with special reference to East Godavari district.

Andhra Pradesh has always been an important agricultural state producing a large variety of foodgrains and other commercial crops required for industrial use. The
Andhra Pradesh has a well developed agricultural base. The state is a surplus state in respect of foodgrains, mainly rice. The state accounts for 11 percent of the total rice production in the country. It ranks first in tobacco, castor and mesta both in respect of area and production. In respect of groundnut and chillies the state ranks second in production. The state also produces considerable quantities of sugarcane, cotton, jawar, bajra and ragi. Besides these, a variety of fruits like mango, pineapple, citrus fruits, banana, guava and grapes are also grown in the state.

According to 1971 census about 71 percent of the working population in the state depends on agriculture for its livelihood. More than 80 percent of the total population lives in villages. More than 50 percent of the state’s income is derived from agriculture and allied activities. Excessive dependence on agriculture may create economic imbalances and the solution lies in how best the rural economy is diversified.

Migration of a few lakhs of people from villages to towns and cities may not solve the fundamental problems of rural economy. Increasing pressure of population on agricultural economy, lack of employment opportunities in the rural areas and the resultant limitations on equitable distribution of national income are some of the problems of rural economy, which may come in the way of speedy development.
Recognising the need for tackling the problem of unemployment and underemployment in rural areas, the Planning Commission considered it necessary during 1962 to initiate steps for securing the fullest development of agricultural as well as the agro-based industries as a part of the First Five Year and long term plans of development. The Planning Commission desired that steps be taken for the development of small scale industries to illustrate how different kinds of industries could be integrated and varying levels of techniques developed together, in the overall interest of the rural economy. The main objective, of course, is to bring about a cooperative agro-industrial economy. This involves diversification of rural economy-building up of industries based on local agriculture, stepping up local enthusiasm and development of local skills in the levels required. The main emphasis is laid on the development of industries in rural areas with a view to bring about balanced regional growth and also to check the concentration of industries in the large urban and metropolitan centres.

All these efforts have been directed for the development of processing industries based on agriculture. Agro-industrial development has not gone beyond the level of primary processing. The future plans should be directed to

1. Rural Industries Project Evaluation Studies No. 25, Planning Department, Govt. of Andhra Pradesh, Hyderabad, 1967, p. 1
the development of a comprehensive agro-industrial complex in the state. As far as possible efforts should be made to process the available agricultural produce within the state to provide more employment opportunities to the rural people, without involving huge capital investment. It needs no emphasis that our future programme of economic development should be aimed at such industries which are capital saving and at the same time labour-intensive in character. In other words, agro-based industries are ideally suited for the growth of rural economy. Economic prosperity lies mainly in the successful integration of agriculture with industry. In a way agriculture depends on industry not merely for consumer goods with offer incentives to grow, but also for the inputs required for modernized production. Industrialisation thus cannot precede but follow increased agricultural production. The most essential aspect of the relationship between agriculture and industry is that each sector depends largely on the demand of the other for its products. The integration of these two important sectors has given birth to a harmonious link which is what we call "Agro-Industries", which not only helps their development but also ensures mutual coexistence.

The present work aims: (1) to study the present position of agro-based industries of plant and vegetable origin located in Andhra Pradesh with reference to facilities
available and (2) to suggest steps for future development of agro-based industries taking into consideration the problems faced by the entrepreneurs. The study is divided into seven chapters.

The first chapter gives a general picture of the economy of the state. It mainly examines the relative position of economy of the state with reference to natural resources available. The state offers great water potential which is not being fully utilised. As regards power production the state has remained backward inspite of the planned efforts by the government. The main reason for this state of affairs is defective estimation of future demand of power besides the lack of financial resources. The state government hopes to overcome this shortage at the end of the Fifth Five Year Plan period. The development of agriculture though appears to be quite satisfactory, the same is not true if we examine each region individually.

In recent years the state has demonstrated an impressive rise in food grains production from 67 lakh tonnes in 1972-73 to over 86 lakh tonnes in 1973-74. This progress on the agricultural front has opened new hopes for the development of agro-based industries in the state. Another distinguishing feature of the state's economy today is that it has shown a growth rate of about 14 percent in the state's income against the All India figure of 3 percent.

In the second chapter efforts have been made to explain the reasons for the state's industrial backwardness
and the progress made during the plan periods, with special reference to small scale industries. The objectives and working of the various financial institutions in the state have been studied to know how far they have been instrumental in the development of industries in the state. Regional development under the six point formula has been discussed with reference to regional disparities and the region-wise allocation of resources for industrial development.

An attempt has been made in the third chapter to critically analyse the working and performance of agro-based industries in the state to find out the present position. Part I of this chapter is devoted to explain the concept and definition of agro-industries and their significance in the economy of the state for spreading rural industrialisation. Part II is devoted to paddy processing, modern rice milling technology, deoiled rice bran, paddy husk and its utilisation. Part III deals with the tobacco industry which has been studied at length to explain its present position and future prospects. In part IV cashew processing and utilisation of its by-products have been discussed to identify the problems of this industry and its growth in Andhra Pradesh. In Part V the importance of tapioca sago and starch industry in the economy of East Godavari district has been discussed, its present position analysed and suggestion made for its development. The export oriented palmyra fibre industry has been studied at length in part VI of the same chapter to offer suggestions for the diversification of the product and the
development of brush making industry in the state.

In the fourth chapter, efforts have been made to outline the present position of agro-industrial export potentialities of Andhra Pradesh with special reference to standardisation and export promotion.

Chapter V is devoted mainly to explain the economic situation in the East Goda-vari district and to prove that the district in question resembles the state as a whole and to justify the choice of the district for the purpose of conducting the survey.

Chapter VI is a summary of the sample survey conducted by the author in the East Godavari district. The object of the survey is to study the position (working) of the agro-based industries in the district with reference to the available facilities and to suggest measures for the development of agro-based industries taking into consideration the difficulties faced by the entrepreneurs. The study is based on different field investigation in selected agro-based industries engaged in the manufacture of various agro-products. The analysis of the survey is the result of interviews and discussions with various entrepreneurs, industry associations, labour unions and government officials. The survey was conducted in 28 units covering 12 different types of agro-industries in the district. The study covers large/medium/small scale/cottage industries in the East Godavari district.
On the basis of the findings made throughout the work, personal interviews held with various entrepreneurs during the course of survey, personal observations made, discussions held with various industry associations, labour unions and Government officials suggestions have been made in the concluding chapter for the betterment of agro-industrial units taking into consideration the difficulties faced by the entrepreneurs in the East Godavari district.