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## Prospects of Rural Industrialization Reforms in India

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**Abstract:** Small-scale industries have been established in rural areas as a result of globalisation and industrialization. Rural people are getting options for employment in small-scale industries in addition to participating in agricultural and farming techniques. To improve their knowledge of carrying out job obligations, they enrol in educational institutions and training facilities. Implementing job responsibilities in many businesses is difficult. The main goal of the training and development programmes required for the rural residents is to improve their skills and talents. However, finding work in both the industrial and agricultural sectors has significantly increased their income and standard of living. The significance of rural industrialization, the Industrial Policy Framework, the evolution of small-scale industries, the factors affecting their contribution to industrial development, the effects of globalisation on rural industrialization, and challenges in rural industrialization are the main topics that have been considered in this research paper.

**IndexTerms** - Globalization, Industrialization, Economic Development, Small-Scale Industries, Industrial Policies

### Introduction

It has long been acknowledged that the rural non-farm sector supports local employment and income in addition to having both direct and indirect benefits on modernising agriculture. Since the late 1990s, the rural non-farm sector has continued to be in a deplorable state due to a lack of adequate policy attention and investment in a wide range of infrastructure, both physical and economic. As a result, not only has the rural economy suffered, but it has also put enormous pressure on the working and living conditions of workers in urban areas, especially migrant workers. [1,2,3]

Rural industrialization has sluggishly remained complacent despite persistently poor factor productivity and weak ties with active marketing. Numerous state measures have generally failed to broaden the process and inject technical dynamism in the vital productive sector in rural India because they are sector-centric and pursue a subsistence strategy to rural industrialisation. [7]

This essay aims to evaluate the aforementioned concerns and investigate ways to advance the spread and performance of rural industrialisation. This paper argues in favour of a comprehensive strategy for solving the issue of rural industrialisation as a business that adds value as opposed to being a ritualistic welfare gesture. The core of the intervention would consist of improving skills, fostering an innovative culture, and providing access to, say, local, regional, national, and international business infrastructure. The state would play a significant role in ensuring that the rural population participated more in this initiative.



Fig1: Showing Women Working in Small Scale Industry

The objectives of rural industrialization defined; decentralization and balanced industrial growth, social and political power; eradication of rural unemployment; establishment of an agro-industrial base for the integrated development of rural and urban areas, etc. As a framework for discussion, these objectives may be presented explicitly as follows:

- (1) Location of industries for industrial growth at dispersed centres, thus increasing social costs of excessive urbanisation.
- (2) Creation of new employment opportunities in areas of extensive or permanent unemployment.
- (3) Fuller utilization of underutilized resources, including industrial raw materials, manpower and electricity.
- (4) Initiation of a process of 'skill-formation' among the rural people generally, and among rural artisans in particular, so that more productive, modern techniques are popularised in rural areas,
- (5) Stimulation of local savings and capital formation and inculcation of a spirit of industrial initiative in rural areas.

It focuses attention on the increasing social cost involved in the creation of the necessary prerequisites for industrial growth at dispersed centres.

The policy of dispersal can be linked to the idea of "regionally balanced industrial growth." There is a widespread misunderstanding of how dispersal works and how these dispersed centres support small-scale companies. In other words, small-scale enterprises are dispersed centres that create new employment prospects in dispersed rural tracts by utilising local resources and serving a local market, ultimately diminishing economic inequities and the one-way trade that now exists. How urban industrial pockets compare in population [4].

## II. FACTOR ENDOWMENT

Successful dispersal of industrial location depends on the factors like supporting "matrices" of activity such as a variety of labor skills, services and suppliers, and facilities of transport, marketing centres and sources of raw materials. Dispersal only means the transfer of units to an uncongenial atmosphere unless it is preceded by a massive programme of duplicating these external economies at the new locations.

Large-scale units are more suited to dispersal in this situation, in part because recent technological advancements have liberated them from the traditional locational "pulls" and in part because the marginal cost associated with the creation of some of the significant "missing" overhead facilities are likely to be matched by marginal returns, both from the perspective of society and of the private entrepreneur. Its ultimate goal, the ruralization of large-scale units, may be a desirable one in other contexts, but it might not be useful in advancing the overall goals of rural industrialization. They cannot immediately and materially alleviate rural unemployment (of any kind) nor generate income for the rural "national" economy. Illustrative instances are not lacking. Bangalore district, for instance, is the venue of several large-scale undertakings in the public sector. But no visible impact of their location in the area is noticeable, either in terms of the employment opportunities afforded to the local people or in the promotion of ancillary units.

If the process of dispersal is preceded by an active programme for establishing the necessary external economies and market advantages at these centres, this rather abnormal condition may be corrected. Although the placement of these Estates, which have a tendency to be in or close to existing cities, suggests that even this programme has not successfully overcome the influence of the traditional locational "pulls," the role of Industrial Estates sponsored by the Government of India in this regard needs to be studied and analysed. [5].

## III. NATIONAL PROGRAMME FOR RURAL INDUSTRIALIZATION (NPRI)

Private business owners are concerned with the establishment of rural industrial units. The national government has developed a number of plans for the growth and promotion of these institutions nationwide. The National Programme for Rural Industrialization (NPRI), which aims to establish 100 rural clusters annually, was introduced by the finance minister in his Budget Speech for 1999–2000. The task of coordinating the programme with numerous agencies has been assigned to the Ministry of Agro and Rural Industries. The main organisations responsible for carrying out the programme are the Small Industries Development Bank of India (SIDBI), the National Bank for Agriculture and Rural Development (NABARD), the Khadi and Village Industries Commission (KVIC), and the states. [8]

## IV. ASSISTANCE GIVEN BY KVIC FOR SETTING UP UNITS IN RURAL AREAS

Up until 1994, KVIC used financial resources to support the creation of rural industrial units under its control. The pattern method allowed for a more liberalised pattern of aid with greater grants for hilly, tribal, and underdeveloped areas. According to the recommendations of the High Power Committee, which was established under the leadership of the then-prime minister, KVIC shifted to a project strategy on January 1, 1995, and it now offers grants for margin money to help industrial units get started in rural areas. In typical circumstances, the grant portion of the project cost is 25%; however, Andaman & Nicobar and Sikkim claim that this grant component of margin money is 30% in the NE region. [12]

## V. BAMBOO AND CANE INDUSTRY

In 1968–1969, KVIC took over the development of the bamboo and cane business. A focus was placed on producing fancy, value-added items in addition to traditional ones, as they would provide artisans with a comparably higher salary. The states of Maharashtra, U.P., Rajasthan, J&K, West Bengal, Punjab, and A.P. are particularly active in this business. By providing them with funding, equipment, and marketing resources, the KVIC's developmental operations emphasise the institutional framework of cooperative and registered organisations. Numerous initiatives were identified in 1998–1999 to provide technical and financial support to the dispersed units. As of 31.03.99, this industry had a loan balance of Rs. 24.15 crores through a budgetary source.

The industry has good potential to provide employment to weaker sections of the community which accounts for 44% of the employment under cane and bamboo. Women's participation is around 40%, nearly [6].

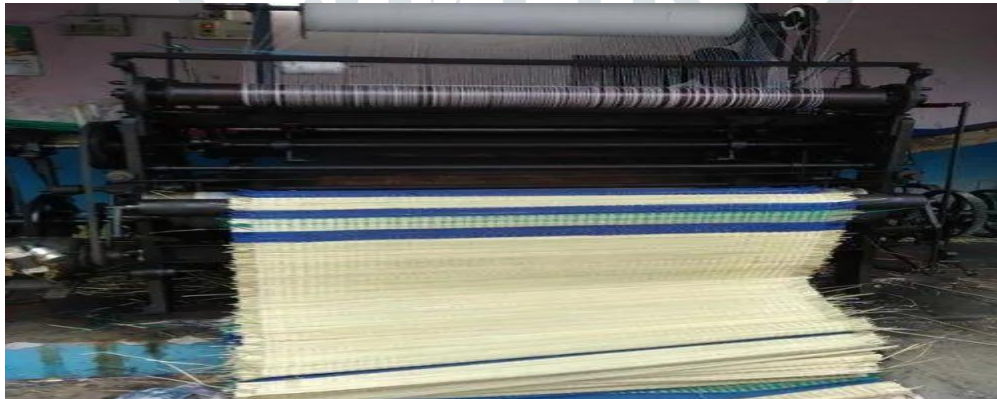


**Fig2. Showing Crafts made by bamboo**

### **VI.MAT WEAVING(FIBER) INDUSTRY**

This KVIC-regulated sector has had sustained growth over the past few years. The KVIC's development strategy includes a variety of upgraded tools for processing various fibres in order to raise the product's quality to a competitive level. KVIC is also identifying new sources of raw materials and creating better strategies for fibre extraction. Possibility of introducing a power loom to kora mat weaving to boost output. In order to increase their marketability and value addition, design mats made of kora grass were also the subject of the study.

Prominent states under this industry are U.P., Maharashtra, Rajasthan, Punjab and West Bengal. About 43% of the employment under fibre industry is shared by SC and ST. The women's participation is around 56%. An amount of Rs.24.26 crores is outstanding as on 31.03.1999 under this industry.



**Fig3. Showing Mat Weaving (Fiber) Machine**

A developmental unit is functioning at Srikariyam, Thiruvananthapuram (Kerala) where new designs of different articles are developed, case studies of different items under fibre industry are undertaken. So far, 650 new designs (in addition to 36 designs during 1998-99) and 36 case studies have been done by the centre for development of the industry.

### **VII. ASSISTANCE PROVIDED BY COIR BOARD**

The board has taken several steps in the development of coir industry in India through implementing various schemes under the following activities:-

- ✓ Science and technology and training.
- ✓ Domestic market development.
- ✓ Export promotion and trade information service.
- ✓ Welfare measures.
- ✓ Quality improvement.
- ✓ Development of brown fibre sector.
- ✓ Mahila coir yojana under a targeted programme for coir development.
- ✓ Integrated coir development project under co-operativisation scheme.

The upgrading of manufacturing infrastructure, spinning and weaving, and increasing productivity and efficiency are the focus of science and technology research and development. The establishment of businesses for spinning coir yarn and weaving mats and mattings was spurred on by the development of motorised rate and automatic spinning machines and completely automatic looms for weaving coir matting. The Coir Board operates its training schools across Kerala, Taminadu, Karnataka, Andhra Pradesh, Orissa, and Assam to meet the demand for educated labour. [7].



## VIII. FINANCIAL ASSISTANCE

The financial assistance scheme is eligible for a one-time subsidy of 25% of the cost of equipment and a ceiling limit of Rs. 1.5 Lakhs to set up a coir unit. For renovation of the existing units, the board provides financial assistance to the tune of 25% of the cost subject to a maximum of Rs. 0.50 Lakhs. The financial assistance to coir industrial units is not granted on the basis of any state wise allocation. A total outlay of Rs. 657.54 Lakhs has been provided for extending financial assistance to set up coir units during IX five year plan. For the current financial year (1999-2000) an outlay of Rs. 75 Lakhs has been provided for this purpose [9].

### *Integrated Infrastructural Development Scheme*

The scheme of Integrated Infrastructural Development (IID) for small scale industries facilitates setting up of industries in the rural/backward areas. The scheme covers backward districts/rural areas which were not covered under the Growth Centres Scheme. The IID project aims to build and develop infrastructure including roads, banks, raw materials, common service facilities, a water distribution network, telecommunications, pollution control facilities, and technology backup services. According to this, the concerned State Governments must choose appropriate sites in rural or underdeveloped areas, strengthen project proposals, and obtain a SIDBI project appraisal. An IID Center is anticipated to cost Rs. 5 crores to establish (excluding the cost of land), which is split in half by the Indian government and the Small Industries Development Bank of India (SIDBI) in a 2:3 ratio. The share basis for the North-East Region is 4:1.

Funds allocated for 1997-98 were Rs. 15 crores, for 1998-99 Rs. 24 crores and Rs. 15 crores for 1999-2000. As on date 52 IIDs have been sanctioned, out of which 5 have been officially abandoned, 47 IIDs are at various stages of implementation. So far a sum of Rs. 2725.28 Lakhs has been released as government grant for this purpose [10,11,12].

It is predicated on the production and best use of biomass, and it may very well prove to be an alternative route for industrialization. Contrary to conventional wisdom regarding cottage and rural industries, using a plant's entire life cycle—from "leaf to root"—and combining it with technological advancements will help maximise resource returns, create additional incomes, jobs, and equity, and keep people in rural areas rather than displacing them to urban slums.

“Development is not development of things, but development of people, their inherent resourcefulness and capabilities, resulting in increased employment, productivity and improved income distribution” -- **Prof. Y. Nayudamma.**

## IX. POSITIVE IMPACT OF INDUSTRIALIZATION

- ✓ *Low cost of production:* The cost of producing numerous necessary things has decreased as a result of the development of industries. The economy of large-scale production is what caused the cost to reduce. It enables labour and time savings. The cost of industrial items has decreased for the average person.
- ✓ *Self-sufficient:* Prior to independence, we spent hundreds of millions of rupees exclusively on the import of clothing since we lacked any true heavy industry. We are now able to produce clothing at a considerably cheaper cost thanks to the development of the textile sector in our nation. We became self-sufficient in meeting our fundamental requirements in this way.
- ✓ *Employment:* Large industries need thousands of skilled and semi-skilled workers. It provides massive employment opportunity for a large chunk of people.
- ✓ *Improved Agriculture:* In the modern age efficient agricultural system is that, which is done with the help of machine and mechanical devices. For this purpose, we have to adopt the latest Industrial system.
- ✓ *Defense and security:* But we must keep pace with the march of time. We have to defend our country against foreign aggression. We must manufacture latest weapons, for it is most unwise to depend upon foreign aid for defense of one's country.

## X. CONCLUSION

Education that focuses on employment for all classes of people rather than merely the most disadvantaged raised their standard of living through India's rural industrialisation, which also provided some small businesses for their survival, particularly for women, is what is meant by development. This contributes to the development of India by improving employment opportunities, resource use, and income in small regions as well.

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