

A Study of Agro- Industries in Rural Development of Bihar

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ABSTRACT :

A good majority of the entrepreneurs engaged in agro-industries have been found to have agricultural background, through their land holding is not more than 5 acre. It is only in cold storages Industry, where the average land holding per entrepreneurs is more than 10 acres.

Most of the agro-industrial units are organized as the sole proprietorship concern and they are managed by the proprietors of the unit themselves or by their family members. Only cold storage units are managed by qualified managers, though the managerial structure with one manager and two or three assistant in a unit is very simple.

So far motive behind up of an agro-industrial unit is concerned, entrepreneurs have been found to be guided most by the availability of low materials in abundance. It have been followed by encouragement from the local entrepreneurs and good demand conditions in the local markets. The government assistance and incentives have not significantly affected the growth of agro industries except a few units in oil mills, dal mills and cold storage Industry. It may be attributed to the lack of awareness on the part of the entrepreneurs in the district and also to the fact that government is available through a time-taking, long and cumbersome process.

KEYWORDS : Agricultural, Land Entrepreneurs Employment.

INTRODUCTION

The place of the agro-industries in the development of the state is widely recognised and needs no emphasis. They can provide vast employment opportunities at a comparatively low investment. The techniques of production adopted by the agro-industries are simple and the machinery and equipment required by them are easily available.

While there is now almost universal agreement on the importance of industrialization there is still much debated regarding the proper pattern of industrial development. Historically, industrial development has proceeded in three stages. In the first stage, industry is concerned with the processing

of primary products. Milling grain, extracting oil, tanning leather, spinning vegetable fibres preparing timber and something ores”. The second stage comprises the transformation of materials making bread and confectionery footwear, metal goods, cloth, furniture and paper. The third stage consists of the manufacture of machines and other capital equipments to be used not for the direct satisfactions of any immediate want but in order to facilitate the further process of production. Hoffmann classified all industrial output into two categories, consumer goods and capital goods output and classified various stages in terms of the ratio of consumers goods output to that of capital goods output. “In stage 1 the consumer goods industries are of overwhelming importance, their net output being on the average five times as large as that of capital goods industries “this ratio is 2.5”. In the second stage and falls to 1:1 in the third stage and still lower in the fourth stage. Both these types of classifications emphasize the increasing role of the capital goods industries in the economy as industrial development takes place.

OBJECTIVE :

The main purpose of the present study is to investigate the role and characteristics of agro-industries, and possibilities of their development in Bihar in general. The specific objectives of the study are -

- (i) To review the position of agro-industries in the economy of Bihar in general.
- (ii) To review the growth of industrial section in Bihar.
- (iii) To study the impact of agro-industries on entrepreneurs.
- (iv) To investigate the prospects for further development of agro-industries in the district and suggest a policy outline and spatial frame for such development.
- (v) To analyse the economic characteristic of agro-industries and their problems.
- (vi) To evaluate the role of state level and district level promotional agencies in the development of agro-industries.

Growth and trends of Agro-Industries in Bihar :

An attempt has been made here to discuss the growth of agro industries in the state. This is illustrated in table.

It may be observed from table that agro-industries in Bihar contribute substantially both to the number of industrial units and total industrial employment the account for almost 70 per cent of Industrial units and 26 per cent of Industrial employment unit of agro-industrial in Bihar have.

HYPOTHESIS :

The following hypotheses have been formulated for empirical verification :-

- (i) Growth of agro-industries lessens the pressure of population on agriculture on the one hand and reduces rural unemployment on the other.
- (ii) Agro-industries increases ingestable capacity of favour and entrepreneurs leading to modernization of agriculture.
- (iii) There is a good prospect for development of agro-industries in Bihar in general.
- (iv) Growth of Agro-industries in Bihar in general in particular is quite unsatisfactory

DISCUSSION :

Agro-Industries have a simple organizational structure and they are generally run under single ownership and private managements. They have not been found using sophisticated technique of production which usually a complex managerial structure. Their capital investment is small and it consists of a very high production of fixed capital.

These are a number of institutional sources of finance to meet the capital requirements of agro-industries. They however, largely depend on the non-industries sources of finance as the process of obtaining loans from the institutional sources is strewn with a number of problems such as delay in sanction, and disbursement of loans, bureaucratic apathy, maipractices and corruption. It is simple to obtain non industrial finance though at hard terms and conditions.

Agro-industries are generally labour-intensive and have low capital intensity. They are capable of making profits and rate of profitability has been observed to be high compared to capital investment. They, if run with traditional technology, are not always viable and may fail to generative subsistence to the entrepreneurs.

Table**GROWTH OF AGRO-INDUSTRIES IN BIHAR**

Year	Total Units	Industrial Emploment	Total Agro Industries Units	Emploment	Percentage of Col. 4 & Col. 2	Percentage of Col. 5 & Col. 3
1	2	3	4	5	6	7
1953	3138	169607	2198	60048	70.04	35.40
1957	4428	179693	3342	65594	75.47	36.50
1964	9401	228869	6902	68904	73.42	30.11
1970	12504	301216	9100	71623	72.77	23.78
1980	20620	304240	15357	83309	74.47	27.38
2000	26407	346862	19295	91544	73.06	26.39
2010	35998	430779	24935	119936	69.27	27.84

Source : (i) Bihar Statistical Hand Book, Patna 1950-2010

(ii) Basic Statistics Relating to Indian Economy. Bombay, September 2010.

Scope for the Development of Agro-Industries in Bihar

Bihar is industrial one of the most backward states in Indian despite having vast human, natural, mineral resources and a large variety of agriculture and horticultural crops. The state occupies a pre-eminent place in the country in respect of several food and commercial crops such as paddy, wheat, sugarcane, jute, potato, mangoes, lichi, bananas, several vegetables, pulses and oil seeds. The possibility of setting up agro-industries in Bihar has got a vast scope for the development of Industries related to and depending on agriculture.

Bihar also faces many serious problem like low per capital income, low agricultural productivity, high rate of growth of population, paucity of capital etc. Agricultural which is the lifeline of the 79 per cent production of the state is inadequate to provide the means of livelihood to the entire working force of the rural areas. Employment opportunities to the already unemployed and the new entrants to labour market will, therefore, have to be found in fields other than the agriculture. This calls for multidimensional approach. The development of agro-industries appears to be an appropriate solution of the problem.

CONCLUSION:

In the present study, only those agro-industries have been considered which are directly related to inputs and outputs of agricultural at primary stage. These industries include (i) Primary processing industries and (ii) Primary Servicing industries.

Bihar having rich agricultural economy and a large variety of agricultural and horticultural crop has got a vast potential for the growth of agro-industries. The growth job agro-industries in the state is required to be fast in view of the fact that state domestic product has almost remained stagnant during the period 1960-1984.

SUGGESTION:

Almost all agro-industries units have reported that they need government assistance for their growth. It has also been reported that comparatively large size industrial units get favour of the government official in the disbursement of the assistance as these units have wide contact link and comparatively better resource base to withstand the cumbersome and time consuming process of loan disbursement. This trend is required to be reversed in order to provide more assistance to small size units. The Government's policy of providing assistance should in fact be discriminatory in favour of small size units as they compared to large size units have greater difficulty in meeting their capital requirement.

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