

# Role of Micro Food Processing Industry in income and employment generation of rural areas: a case study from Kamrup district, Assam

Geetika Kalita

Research Scholar, Department of Commerce, Dibrugarh University

Dr. (Prof) Seema S. Singha

Department of Commerce, Dibrugarh University.

## Abstract

Income and employment generation in rural areas have remained prime focus in national plan strategies in India since the First Fifth Year Plan period. Poverty, lack of employment generation and limited scope for enhancing income not only cripple the rural workforce, but stand as a major obstacle behind the growth of national economy as a vast rural workforce remained under-employed. The non-agricultural activities that can divert rural workforce from the over burdened agricultural sector are the micro industrial, micro commercial and micro trading activities in addition to commercialised allied agricultural activities. Traditional non-commercial micro food processing activities in the form of household activities persisted in Assam since the historic times but growth of such activities in commercial and micro-industrial form started emerging very recently, particularly after implementation of various government logistic and financial support policies over last few decades. These micro food processing industries have generated non-agricultural employment to a sizeable proportion of rural workforce with gradual strengthening of the government support policies and creation of trading opportunities for this category of industry the micro food processing industries can serve as an effective tools in eradication of poverty and for income and employment generation in the rural areas of Assam. The present study highlights the role of micro food processing industries in income and employment generation in rural areas of Kamrup district, which is a representative areal unit of Assam as a whole.

**Key words:** *Rural areas, Rural workforce, Employment generation, Manually operated, Income generation.*

## Introduction

The recognition of micro food processing industries as an industrial sector is of very recent origin dates-back only to 1980s, when a separate ministry called Ministry of Food Processing was created by the government of India to bring the household activities of food processing into commercial industrial activity. Under the initiatives and policy support programmes of the government, the micro food processing industries with a commercial trust started emerging among low income group of the workforce, particularly in rural areas which are categorised as manually operated micro food processing industries. The justification behind using such a term lies in the fact that this category of industry makes use of manual labour in food processing supplemented by certain tradition labour saving tools, some of which have recently been modernised. The manually operated micro food processing industries of rural Assam generated income and employment among the unorganised workers and housewives providing them a higher standard of living. The interesting aspect of this category of industry is that majority of such industrial units are under group ownership in the banner of self help groups converting them into community industrial centres. Apart from generating income and employment, this category of industry contributed to diversion of workforce from the over employed economic sectors like agriculture. The

present work is confined to the evaluation of the impact of the micro food processing industries of rural Kamrup district in the context of income and employment generation to the low income category of population. It is a micro regional study having the capability to reflect a generalised scenario for the entire State of Assam. The study area Kamrup district of Assam is situated within 25° 40' N to 26° 50' N latitude and 91° 0' E to 92° 54' E longitude with a total area of 4060 km<sup>2</sup> and with a total population of 27,71,480 persons out of which 42.8% is urban population.

## Review of literature

In understanding the parameters and in evaluating the proposed hypotheses in accordance with the objectives, certain literatures relevant to the topic are consulted for generation of a conceptual base. Such literatures include IIBF<sup>1</sup>, wherein structural pattern and characteristics of micro industrial units are outlined including entrepreneurial and skill oriented problems associated with the micro industries. Another work authored by Desai, B.H., Gupta, V.K., et.al.<sup>2</sup> helps in understanding the basic character, trend of development and financial performance of the micro food processing industries of India and the trend of growth secured by such industries over last few decades. Rias, M., Acharya, S., et.al.<sup>3</sup> through their exposition on the opportunities of food processing industries in North East India and about the immense potentiality of growth for such industries in the region provide a clear perception on the attributes need to be examined in performance evaluation. The work of Sareen, K.P.,<sup>4</sup> through his paper explains the infrastructural need and requirement of support line services for efficient performance of food processing industries. All the above works help in finalising the direction through which the desired objectives of the study are to be achieved.

## Importance of the study

The study area Kamrup district with 42.8% urban population and with the location of the North East India's only metropolitan city- Guwahati within its territorial limits, is the highly urbanised district of Assam. The Guwahati metropolitan city is a hub of industrial, commercial, trade and transport activities as against the vast rural localities accommodating 57.2% rural population constrained by lack of employment and high income generating economic activities. As a result a large number of employment seeking rural workers migrate into the city in search of job. Such migration creates two-fold problem in the region-speedy growth of urban population in the city unmatched to employment generation and stagnancy in the economy of the rural areas. Such a situation can be contained in the study area only through diversification of the economic activities in the rural areas through encouraging industrial, trade and commercial activities. A well defined micro industrial sector can serve as a tool of income and employment generation in rural areas. Thus, in the present work an attempt is made to evaluate the role of micro food processing industries of Kamrup district in socio-economic up-gradation of rural economy.

## Statement of the problem

Kamrup district is pre-dominantly rural and the major economic activity of the rural population is agriculture. Through the inclusion of the ever growing workforce into agriculture in greater proportion makes agricultural sector over employed and uneconomic to majority of the farmers. The only option to pull out the undesired workers from the agricultural sector to other productive economic activities lies with growth of industry making use of local resources and skill. Micro food processing sector of industry and allied agricultural activities such as dairy farming, psci culture, duckeries, poultry firms, piggeries, etc. appear to be the viable options that can contribute to the growth of rural economy in a vibrant way. The micro food processing industries of the rural areas preserves certain unique character which include- higher use of manpower supplemented by certain traditional labour saving tools requiring very low volume of capital investment with high returns. These micro food processing industries of the rural areas maintains potentials to generate high income and employment for the rural workforce providing them a viable economic growth direction. An assessment on the performance status of this sector of industry is likely to provide a basis for formulating strategies for their growth and socio-economic contribution.

## Objectives

The objectives of the study are:

- 1) To examine the volume of employment generated by the micro food processing industries in the rural areas of Kamrup district and the areas of occupation wherefrom the workers are pulled-up, and
- 2) The volume of income generated by the micro food processing industries to both employees and employers.

## Hypothesis

The research questions framed on the basis of the objectives to investigate into the problem are:

- 1) What are the proportions of direct employment and indirect employment through support line services provided to the rural workforce by the micro food processing industries of Kamrup district?
- 2) Are the micro food processing industries successful in enhancing the income status of the beneficiaries such as workers, raw material producers and entrepreneurs?, and
- 3) Do the micro food processing industries of rural Kamrup district maintain adequate scope for growth and development?

## Research methodology

The present work is based on primary data and information collected from the field with the help of a questionnaire prepared in accordance with the objectives and research questions pertaining to the work. Data and information are collected from 91 sample micro food processing industrial units which constitute 20% of the total registered manually operated micro food processing industries located over rural Kamrup district. The samples are select at random covering the entire study area maintaining adequate

representation of manually operated micro food processing industries owned both by individuals and groups (SHGs/Cooperative societies). Data and information so collected are presented in the work in the form of tables.

## Result and discussion

On the basis of sample study the generalised employment structure of the manually operated micro food processing industries of rural Kamrup district is presented below:

**Table 1**

**Employment generation pattern of the manually operated micro food processing industries in rural Kamrup district, 2019**

Ownership status	Number of registered industrial units	Number of workers (directly employed)	Number of workers in raw material supply	Number of workers in transportation	Number of workers in marketing	Total employment generation (in numbers)
Individual	42	131	8	5	11	155
Group (SHG/Cooperative)	49	388	31	11	13	443
Total	91	519	39	16	24	598

*Data Source: Field Survey*

As revealed by Table 1, the 91 manually operated micro food processing industries located in rural areas of Kamrup district provided employment to 598 persons out of which 86.7% direct employment and 13.3% indirect employment generated through support line services. The most noticeable fact about the employment pattern is that the ratio of industrial unit to employed workers being 1:9 is significantly high among the units under group ownership as compared to the units under individual ownership, where the ratio is 1:4. The Tables 2 and 3 below represents the income status of the workers engaged directly in the manually operated micro food processing industries of rural Kamrup district and the number of workers in different income categories prior to their employment in the micro food processing industries of Kamrup district respectively:

**Table 2**

**Income status of the workers having direct employment in the manually operated micro food processing industries in rural Kamrup district, 2019**

Ownership status	Number of workers with annual income (in Rs'000)			
	<40	40-60	60-80	>80
Individual	59	38	24	11
Group (SHG/Cooperative)	212	100	52	23
Total	271	138	76	34

*Data Source: Field Survey*



**Table 3**

**Income status of the workers prior to employment in the manually operated micro food processing industries in rural Kamrup district, 2019**

Ownership status	Number of workers with annual income (in Rs'000)			
	<40	40-60	60-80	>80
Individual	112	14	5	-
Group (SHG/Cooperative)	318	43	27	-
Total	430	57	32	-

*Data Source: Field Survey*

A comparative analysis of Tables 2 and 3, indicate that the pre and post income employment of the workers (i.e. prior and after employment in micro food processing industries) represents significant changes. There is a decrease of proportion of workers in the annual income range below Rs 40,000 from 83% to 52.2% indicating an increase in income of 30.8% of this category. Similarly, there is 15.5% increase in the income group Rs 40,000 to Rs 60,000, 8.6% increase in the income group, Rs 60,000 to Rs 80,000 and 6.6% increase in the income group >Rs 80,000. Further, the Table 4 presents the pre-occupational status of the workers having direct employment in the micro food processing industries:

**Table 4**

**Number of workers with various pre-occupational statuses serving as direct employees in micro food processing industries in rural Kamrup district, 2019**

Ownership Status	Agricultural worker	Manual worker	Housewives	Micro traders
Individual	49	56	23	5
Group (SHG/Cooperative)	149	69	155	13
Total	198	125	178	18

*Data Source: Field Survey*

As evident from Table 4, that the workers of manually operated micro food processing industries of the rural localities of Kamrup district are mostly pulled up from the unorganised section of the workforce comprised of 38.2% earlier agricultural workers, 24.1% manual labourers, 34.3% housewives and 3.4% micro traders. Thus, the manually operated micro food processing industries of the rural localities of the study area play a significant role in bringing unorganised and poor income group of workers into an organised sector.

## Findings

The following are the findings of the present work:

- 1) The manually operated micro food processing industries are one of the industrial sectors that sets in a mind set of commercial manufacturing activities among rural workers utilising their traditional skill and local resources,
- 2) The manually operated micro food processing industries located in the rural areas of Kamrup district generates employment opportunities in the industrial sector for the unorganised and low income group of workers,
- 3) The manually operated micro food processing industrial sector generates both direct employment and indirect employment through support line services to a sizeable proportion of rural workforce,
- 4) Pre and post employment income status analysis indicates that 61.5% of the workers working in the micro food processing industries could be able to achieve higher income ranges than they had prior their employment to in the micro food processing industries,
- 5) Field investigation also indicates that this category of industry succeeds in generating higher income of the entrepreneurs and the raw material producers associated with the industry, and
- 6) The pre-employment status analysis of the workers reveals that their pre-occupational status were 38.2% agricultural workers, 24.1% manual workers, 34.3% housewives and 3.4% micro traders.

## Recommendations

On the basis of analysis, observation and findings, the under mentioned recommendations are underlined:

- 1) The manually operated micro food processing industries of rural areas of Kamrup district preserve huge potentials for future growth based on availability of local resources, a vast under-utilised workforce and traditional skill; provided adequate logistic, technological, financial and market support is provided to such industrial units,
- 2) The involvement of SHGs in such industrial activities promoted a group entrepreneurial mind-set capable of transforming socio-economic outlook of the rural societies provided policy support on skill development, quality standardisation, packaging, preservation and storage is initiated by the government,
- 3) As the micro food processing industries of the rural areas serve as major tools for poverty alleviation and income and employment generation for the rural masses, due attention towards special incentives such as government subsidy, relaxation in production and market cesses need to be provided in the industrial policy of the government

## Conclusion

The manually operated micro food processing industries being a transformed replica of the household food processing activities using traditional tools and appliances, their modernisation through quality improvement, preservation techniques and modernisation of tools can make this popular sector of industry of the rural areas vibrant and market competent ensuring economic up-gradation of the rural workforce apart from generating higher volume of employment. Thus, research and innovation aiming at up-gradation of this industrial sector is highly essential in order to strengthen the national economy as a whole. Such steps would also ensure the plan objective of strengthening the rural economy of India.

## Limitations

The present work is limited to the study of only two attributes, i.e. employment and income generation by the rural micro food processing industrial units, that too, in a micro regional framework. Other parameters pertaining to the theme such as operational status, market and trade status, evaluation of government policy success, etc. are not being included in the present study.

## Scope for future research

The present topic maintains a wide range of scope for future research. The areas of research in the line include operational and management problems, market prospect, evaluation on the success of government support policies, financial management and problems, special policy safeguards to protect this industrial sector from market competition, etc.

## References

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