



The Importance of Agro-Based Industry in Bihar

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THE IMPORTANCE OF AGRO-BASED INDUSTRY IN BIHAR ABSTRACT Besides, Bihar continues to suffer from low industrialisation. The agro-based industries continue to dominate the industry sector in Bihar. The importance of agro-based industry can be enhanced because of the following factors. Agro-based industries are comparatively easy to establish and generate income in rural areas with comparatively lesser investment.

Abstract

Besides, Bihar continues to suffer from low industrialisation. The agro-based industries continue to dominate the industry sector in Bihar. The importance of agro-based industry can be enhanced because of the following factors. Agro-based industries are comparatively easy to establish and generate income in rural areas with comparatively lesser investment. These industries facilitate effective and efficient utilisation of agriculture raw material. They encourage and stimulate farmers to enhance the production and productivity of agricultural crops. Some of the preferential agro-industries like fruit preparation and Agro-processing food have tremendous export potential. Agro-based industries can be set up on Cooperative basis ensuring participation of the people in the development process and industries also helped in the growth of entrepreneurship in rural areas on dispersed basis and thus check concentration of economic power. The need for agro-based industrialization can be a major industrial hub in the state of Bihar this is also required in order to check too much labour concentration on agriculture resulting in overcrowding of agriculture and reduction agriculture productivity. The purpose of the study is to present the importance of agro-based industry in Bihar. This study is based on review of literature and secondary data analysis.

Keywords

Industrialisation, Surplus labour, Production and Productivity.

Introduction

Bihar is one of the best Industrialized states in India. Agro-based industries have a very important role to play in strengthening Industrial

and agricultural linkages. Agro-based industry provide an excellent nexus in promoting integrated development of agriculture and industry and in transforming a stagnant rural economy into a dynamic and buoyant industrial economics. Agro-based industry is expected to be a major goes driver for the economy. Economic policies of Bihar are always advocated enhancing farmers income through product and productivity growth and by systematic value addition in agro-products through processing. But unfortunately they are not reality. Hence, it is important to combined agriculture and industry in such a way that there is on the one hand, development of rural economy and the other hand, the village culture and tradition is also preserved, it requires that industry should be based on the locally available resources in rural areas, resources mainly come from agriculture. As such, industries based on agriculture are known as agro-industries or agro-based industry, agro-based industry can be identified as those processing industry use large quantities of Agricultural materials such as rice-milling, sugar, fruits and vegetables, Cotton, Honey etc.

Quite obviously, these Industries provide a sound and stable foundation for industrialization. In order to bring about accelerated in the industrialisation in a state economy, promotion of agro-based industries form an integral part of overall development strategy. Promotion of agro-based industry also assumes importance in the development strategy of state because agro-based industries make decentralized planning a reality and thereby help in formulating a plan strategy based on local resources endowments and self needs of the people of the area. Thus it promotes local entrepreneurship, generate employment and also checks concentration of economic power through diffusion of ownership of means of production. Indeed the role of agro-based and rural industries is immense in fostering strong linkages between agriculture and industries and thereby accelerating the process of industrialisation in developing economies.

Why is there need of agro-based industrialisation in Bihar?

Agro-based industrialisation is important because it contributes to the development of agriculture and Agro Industries. Without Agro industrialisation it would be considerably more difficult to solve the problem of agriculture on employment and widespread under- employment. Agro-based industries promotes agricultural development and agricultural development promotes agro-industries. The development of agro-industries increases the level of income in rural areas, and tends to break down the old self-sufficiency of the family and the lessen its cohesiveness, creating opportunities for youth, women and the able-bodied as well in changing the pattern of leisure and work. Agro-based industrialisation should be looked upon not nearly as a way of containing the rural workers and stopping them from migrating to urban areas by providing them some kind of remunerative employment in the villages, but as a dynamic element in the process of raising the productivity and income levels of the workers in rural areas. Agro-based industries has taken roots in the rural economy in Bihar. This is so because simple forms of manufacture typical of consumer goods industries and varied service industries are everywhere developed.

Need for income flow to rural poor

An effective strategy of agro-based industrialisation also becomes an imperative necessity because of the fact that unless regular income flow is injected into the hands of the rural poor by way of rural industrialisation program, there would not be sufficient demand for industrial consumer goods and as a result the industrial growth rate may not show a pick up on sustained basis.

Utilization of surplus labour

The agro-based industries depend not only on the output of agricultural and allied activities but also on the inputs of agriculture. Apart from agro-industries are also being used to provide employment opportunities of the surplus agricultural labour. They provide gainful employment to the agricultural labour during off- season. Especially at the output level, agro-industries are more labor-intensive rather

than capital-intensive. For instance Honey Bee and Gur industrial units can be set up with small capital and technical know-how which can absorb a large number of labourers say about 28 to 30 persons in each on an average. So in the case of rice milling industry. Apart from this, these industries also supplement the income of the agriculturists by absorbing them in suitable subsidiary economic pursuits. This results in the overall development of the economy and leads to more savings and investment.

The utmost important argument in favour of the development of agro-industries because of which industries are being assigned an increasing role in the economic transformation of our country, is the need for greater mechanization of agriculture. These industries improved agricultural machinery and implements, fertilizers, insecticides and pesticides to the agricultural sector. The machinery for irrigation purposes such as pumping sets, tube-well machinery etc is also manufactured by the Agro-Industries the inputs supplied by these industries are the pre-condition for congenial development of agriculture, and can bring about a sustained growth.

The agro-based industries assure ready market for the farm products and thus stabilise farmers income. This will result in the amelioration of their economic conditions which, in turn, reflect positively on their working efficiency. The human and material resources of the state can thus be utilised in a better way by developing agro-based industries. For example, in the villages sugarcane can be utilised more effectively, if crushers are installed at the sugar-cane fields. This would save the transportation cost and also prevent the evaporation of juice during transit. Similar wastes are minimised by processing the farm products in the vicinity of the farm. Another point of agro-industries are some temporary unemployment at the initial stages of rationalisation of agriculture. At the output level, however, agro-based industries are more labour intensive and create more employment opportunities. In a planned programme both types of industries must be simultaneously developed so that mechanisation and rationalisation of agriculture may not be a cause of dislocation in the economy. Thus in an agricultural economy where there is unemployment and underemployment mechanisation in agriculture should be introduced after creating sufficient alternative employment opportunities to the working force. The agro-based industries must be developed first to provide rural employment and also to absorb the additional labour force to be released from the mechanisation of agriculture. It is true that a part of the surplus labour force can be absorbed in industries producing agricultural machinery and equipment. Some people can also be absorbed in industries processing agricultural products either for direct consumption or for further use in industries. Thus the agro-based industries play a significant role for the future growth of our economy.

Industrial policy statement of July 1980

Taking into cognizance the importance of the growth of agro-based industries, the industrial policy statement of July 1980 also emphasises the significance of agro-based industries in India's context. One of the basic objectives of the policy statement is to strengthen agricultural based by according a preferential treatment to agro-based industries and promoting optimum inter-sectoral relationship therefore, the imperative for developing a strong nexus between agriculture and industries for accelerating the rate of industrial growth in the country can hardly be over emphasized.

Strategy for agro-based industrialisation

In cognizance of great practical relevance of agro-based industries in Bihar context, strategy for development of agro-based industries should consist of following ingredients the growth and expansion of agro-based industries should form an inseparable part of the overall programme of economic and industrial development of the state the related groups of agro-based industries should be set up in a coordinated and synchronised manner so that the utilisation of by-products can be possible

simultaneously. Both backward and forward linkages should be ensured in respect of industries so that maximum growth impulses are generated in the rural economy.

The challenges of the agro-based industrialisation

The primary objective of our development strategy has been to launch a frontal attack on rural poverty the unemployment remains the main cause. Thus far, solution was sought through the development of agriculture and allied areas but since about three fourth of the rural population is already dependent upon agriculture, it does not offer any scope for the absorption of additional manpower. Rather, it would seem advisable to withdraw a part of the manpower from agriculture in order to provide a reasonable level of living to those who remain unemployed in agriculture. The challenge, therefore, is to be met through agro-based industrialisation. What is at state is to promote such form of agro-based industrialisation and to spread tiny, small and cottage industries that could accelerate that tempo of development and generate higher self and wage employment and income to the rural people.

Identification of agro-based industries

In the context of a developing economy like Bihar the development of the agro-based industries has got an enormous great growth potential: Rice milling, Cotton textile, Food processing, Sugar industries such as fruit juice, Skimmed milk, Condensed milk, paper, Agriculture equipments.

Empirical evidence

There is also a strong empirical evidence which clearly suggests that there is a close relationship between agro-based industries and overall industrial production on the one hand and production of agro-industries and production of non-food grains items on the other. In a study I have come out with the result that in order to achieve the annual growth rate of the number of factories (both agro-based and non-agro based) and the number of operational factories (both agro-based and non-agro based) was higher in Bihar than that at the all India level. The growth rate of operational agro-based factories in Bihar was 16.4 percent over the last 10 years.

Conclusion

The study also implies that there need to be a strong relationship between agro based- industry and employment, income generation and socio-economic development in rural part of the state. So in this direction agro-industry can play a major role. The policy suggestion from the study is to increase agricultural production and productivity with higher share in public expenditure in agriculture sector. Therefore, speedy growth of agro-industrialisation is an imperative necessity for our economy not merely because of the floor interrelationship between agriculture and industries but also in view of the fact that there is technical interrelationship in the sense that each sector uses some form of output or the other is there are course of its own production process. Therefore in order to generate employment and to provide effective utilisation of the resources.

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