

# **SUSTAINABLE DEVELOPMENT AND ENVIRONMENT PROTECTION**



कला, वाणिज्य व विज्ञान  
कनिष्ठ व वरिष्ठ महाविद्यालय

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**ISBN No.** 978-93-83995-70-8

### **Published by:**

Anuradha Publications

Cidco-Nanded

**Publication Year:** 2017-18

**Price-** Rs. 100/-

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### **Printed by**

Gurukrupa Offset,

Near Police Station, Gangakhed

### **Typesetting by:**

Simran Computers

Gangakhed Dist.Parbhani

### **Cover Designby:**

Mr. Imran K. Mohammad

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## **Problems and Prospects of Agro-Based Industries in India**

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### **Abstract:**

Agro based industry is regarded as the sunrise sector of the Indian economy in view of its large potential for growth and likely socio economic impact specifically on employment and income generation. Some estimates suggest that in developed countries, approximately 14% of the total work force is engaged in agro processing sector directly or indirectly .However, in India only about 3% of the work force finds employment in this sector reveling its underdeveloped states and vast untapped potential for employment .There is no denying that India has to live with the problem of unemployment for many years to come. Therefore needs arises to make all over development among all sections of the society especially in rural agro based industrial units. The present paper is an attempt to find out the status of agro based industry in India and to analyze the various problems being faced by them. It has been found that the ago based industry in India facing the various problems regarding lack of financial assistance, Improper marketing channel, high degree of breakdown of finished products and non availability of research lab for quality control.

### **KEY WORD:**

Agro based industries, type of agro based industries, problems and prospects.

### **INTRODUCTION:**

Agro-based industries develop on the basis of agriculture-industry interrelations. Agriculture and industry are integral components of the development process due to their mutual relationship as agriculture provides inputs to the industry and on agricultural output grin agriculture to expand production. There are many industries which are based on her basic inputs, gro-based industries can be dependent upon agriculture for their raw-material and other basic inputs. The concept of agro-industries is quite old but the term has acquired new significance in recent years in the wake of growing need of interdependence between agriculture and industry and the modernisation of former. This interdependence must be oriented to suit the need of our country and State (Gupta, 1989).Stabilisation and growth of agricultural production results in rapid advancement in output and employment in agro-industries. Further, the cumulative effect of agricultural growth and growth of agro-industries creates greater opportunities for industrial growth as well as integration of the different sectors of the economy (Verma and Kesavan, 1986).

### **CONCEPT OF AGRO-BASED INDUSTRIES:**

Agro-based industries develop on the basis of agriculture-industry inter-relations. Agriculture and industry sectors are integral components of the development process due to their mutual relationship. The term agro-industries connote different meanings to different writers, institutions and agencies. In fact, this concept is shrouded in vagueness.

There is no unanimity as to which industries can be classified under this category. In a way, relationship of agriculture with industries is quite old. But the term agro-industries has acquired new significance in recent years in the wake of growing need of interdependence between agriculture and industry and modernisation of the former. Agro-based industry would mean any activity involved in cultivation, under controlled conditions of agricultural and horticultural crops, including floriculture and cultivation of vegetables and post-harvest operation on all fruits and vegetables.

The development of agro-industries has assumed crucial importance in the economic planning as well as progress of the country (Bayineni and Vooka, 2004). According to United Nations Industrial Development Organisation (UNIDO), the term agro-industry signifies those industries, which use raw materials from agriculture as main material from that manufactured goods are produced on commercial scale. The term also applies to those industries, which are contributing for the development of agriculture including agriculture produce. Thus, agro-based industries can be broadly defined as those industries that are dependent upon agriculture for their raw material and other basic inputs.

#### **OBJECTIVE OF THE STUDY:**

The present study is an attempt to find out the status of agro based industry in India and to analyze the various problems being faced by agro-based Industries in India.

#### **Problems of Agro-based Industries:**

The various problems faced by agro-based industry in India are as follows:

##### **Financial Problem:**

It has been observed that agro based industries are facing numerous financial problems as lack of finance by the financial institutions. Majority of the surveyed units have given 1st ranking to the lack of finance whereas second priority was given to high interest rate and least priority was given to cost overrun In addition to it these industries have to face overrun cost, high interest rates from financial institutions and high cost of raw materials etc.

##### **Infrastructure Problem:**

Most of the agro-based industries are located in rural areas where all weather trampon facilities greatly lacking The quality of services is also very poor and irregular-not available at the time of their aced This not only creates problems in transporting the final industrial products to their destination, that is, the market centres and ports in the case of exportable products, but also disturbs the collection of inputs for processing The transport problem is more acute with quickly perishable products such as fruits and egetables and fish and fish products. In fact, poor transport services is one of the major factors for the post harvest loss of agro-based industrial products, Problems created by poor infrastructure facilities in g based industries can be summarized as:

##### **Higher cost of production of the agro-based products:**

Absence of cheap and easy transport services increases the cost of production of industrial products, which in turn reduces the competitiveness of the product in the international market b.

**Increasing loss of perishable products:**

The lack of quick and easy transport facilities increases the magnitude of the loss of products and in turn increases the cost of agro-based products. Consequently, this affects the competitiveness of the product in the international market. At the same time it increases environmental hazards.

**Delay in the delivery of goods:**

Agro-based industrial products are special consumption goods and have special characteristics they must be available when consumers need them. In other words postponement of consumption of food is not possible. Therefore, any delay in delivery reduces the confidence of consumers. Delay in delivery also damages the products, especially fruits and vegetables, and fish and fish products

**Urban concentration of agro-based industries:**

The lack of proper transport services in the rural areas forces industries to locate in the urban areas where transport services are easily available. This defeats the concept of rural poverty alleviation through industrialization.

**Distraction of foreign direct investment:**

An efficient and effective transport system is a prerequisite for attracting foreign investors. Therefore, the lack of transport facilities has hindered FDI in agro-based industries in India. Store facilities, including cold stores, freezing houses, drying houses, cleaning systems and spaces are the important factors for the growth of resource-based and agro-based industries. However, many countries lack these facilities, which result in a greater degree of post-process losses. In the rural areas farmers and small-scale investors cannot afford these facilities and Governments have not paid due attention to these areas.

**Marketing Problem:**

The industries have very less market to sell their products in the nearby areas and have to remain dependent up on supply to government agencies like food Supply Corporation of India and other agencies In addition to it industries are also facing stiff competition, changing conditions of market and lack of appropriate and viable market for the product. Agro-based industries do not fetch appropriate market to sell their products at competitive prices the units may be at the stage of closure.

**Management Problem:**

Many industries are facing various problems due to lack of professional management. In the agro- units are in partnership form of the organization and due to vested interest of the some partner, there is a based industries none of the units have appointed professional manager in their enterprises. Majority of the dispute and lot of litigations among the partner. in majority of the units entrepreneurs have invested huge amount of money in constructing buildings as a dead assets. Some of the units have diversified the funds of the industry in constructing their homes. The money required in industry has been diversified in other dead assets as a result these industries are not earning good profits.

**Production Problem:**

The production problem is one of the major problems in agro based industries in India due to less capacity utilization. The first rank was given to power break down, old machinery. Due to agro industries are not producing the finished products as a result industrial workers have to sit idle for a long time and profit margin is declining year after year. In some of the industries they have obsolete machinery.

**Human Resource Problem:**

The main asset of any enterprise is its manpower. If industries get right number and skilled manpower the profitability and productivity enhance manifold. In agro based industries in India the industries have to hire labour from other states at very high prices. After that some time labours have to impart training also which enhances the cost of the unit as well. So, agro-based industries faced problem of lacked trained manpower.

**Technological Problem:**

The lack of efficient and modern technology for agro-processing industries is very prevailing in the India. A greater proportion of agricultural processing, particularly in fruit and vegetable and fish and fish product processing are carried out by using traditional technology which is not cost effective and does not produce quality products. Modern technologies developed in advanced countries may not be suitable for the developing countries of the region. However, because of their poor research and development activities they are compelled to use those technologies.

**SUGGESTIONS:**

1. It is suggested that the financial institutions should provide the assistance without any bias to the needy and deserving entrepreneurs of agro based industry.
2. The Government must analyze the perspective problems of entrepreneurs of the agro-based units before launching any developmental policy for them.

**CONCLUSION:**

The Indian economy is predominantly rural and agriculture oriented. However, the agro-based industries are facing several problems such as Infrastructural problem, Lack of proper Skills, Upgrading technological, Support services etc. Although some of the problems could be dealt with by the industries and also requires government intervention and the cooperation and support of international agencies. At this crucial juncture, the challenge in front of entrepreneurs of the agro based units. In India most of the agro-based industries are located in rural areas where all weather transport facilities are greatly lacking. The quality of services is also very poor and irregular- not available at the time of their need. This not only creates problems in transporting the final industrial products to their destination, that is, to the market centres and ports in the case of exportable products, but also disturbs the collection of inputs for processing. Hence, the need of the hour is the with a greater emphasis on the problems faced by agro based units, require a well furnished governmental policy, It lies in the long term interest of the entrepreneurs to actively contribute in bringing the above to fruition.

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