

# Performance of Agro based Industry in India

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**Abstract - The quantity of persons who are very poor. Exceptional development in certain underdeveloped nations makes it possible to achieve that objective internationally. One of the most crucial elements for the expansion of the Indian economy is rural development. India is mostly an agricultural nation. In India, the contribution of agriculture to GDP is over one-fifth. The government of India has planned numerous projects related to rural development in order to boost the growth of agriculture. India's top organization for developing policies, rules, and laws relating to the development of the rural sector is the Ministry of Rural Development. The main industries that contribute to the rural economy and business include agriculture, handicrafts, fishery, poultry, and dairy. therefore gives businesses in the tiny area extra subsidies. This results in a greater number of businesses in the area with fewer customers than proportional voting. Therefore, majoritarian elections are dominated by proportional voting.**

**Keywords - Agricultural Development, Urban and Rural Development, Millennium Development Goals**

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## INTRODUCTION

It is the forward and backward connections of the development process that are crucial to the economic growth of a developing nation like India. To the greatest extent possible, agro-based companies capitalize on the symbiotic relationship between agriculture and other sectors of the economy, resulting in the development of both to the front and backward linkages. Fertilizers, power, equipment, and procedures all have their origins in industry, as do many other factors that increase agricultural production; in exchange, agriculture provides both labor and raw materials for the manufacturing sector. [1]

In the context of a growing country like India, where agriculture provides over 35% of the national GDP and employs over 2/3 of the total workforce, the agro-based businesses take on considerable importance. The majority of Indians (75%+) still reside in the countryside. Since they have the ability to strengthen ties between the industrial and agricultural sectors and provide job opportunities, agro-based enterprises are a top priority in rural regions. When considering employment and the value provided to the economy via manufacturing, the importance of agro-based sectors is paramount, and this is true not just in emerging nations but also in the most established ones. The businesses founded on ancient wisdom (oda) are the lifeblood of a flourishing economy. These sectors are now irrefutable tools for establishing a

globally equitable and cohesive economic and social order.[2]

A rise in crop yields attributable to improved agricultural technology. The agro-based economy is seen as the best vehicle for this goal. In rural regions where agro-based industries have flourished, progress has been more rapid than in urban areas. This is because the growth of these sectors requires the advancement of both agriculture and whole clusters of related industries in order to meet the demands of the masses. This is done not only to increase riches, but also to advance the fundamental rural sector values that make life worthwhile.[3-4]

## IMPORTANCE OF AGRO-BASED INDUSTRIES

Due to flaws in the addition to the structural aspects of our economy, the most notable feature of which has been the concentration of industries in a very small number of regions, and that too in a small number of urban centers, the growth of agro-based industries has supposed crucial importance in the planning and progress of the country. Housing, transportation, water supply, drainage, and slums are just few of the many urban issues that have arisen as a result of population growth and industrialization. Considering these issues, as well as the abundance of valuable cash crops and raw resources, it is clear that agro-based companies play a crucial role in the national economy. Due to their close relationship with farming, agro-based

companies tend to be located all over the place. In some states, such as Punjab and Haryana, rapid industrial growth has been achieved through the establishment of a system of small-scale and agro-based industries, which has the added benefit of leveling the playing field in terms of income and economic opportunity across the country and among its various demographics.[5]

The issue of how to achieve sustainable economic growth via the expansion of agro-based sectors is complex, including not just economics but also society and culture. This is true because, in addition to having different economic structures, urban and rural societies also have different social and cultural structures, which in turn indicate that they have different norms and values.[6]

### **ROLE OF AGRO-BASED INDUSTRIES IN ECONOMIC DEVELOPMENT**

The growth of an economy depends significantly on agro-based sectors. It's thanks to them that the country's wealth may be spread around more fairly. As a result, power in the economy may be distributed more evenly. They are a major driver of economic development that can maintain themselves, creating many jobs.[7]

The decentralization of the development process enabled by agro-based enterprises contributes to the harmonious and concurrent socioeconomic growth of all social classes. Our centrally focused planners missed this crucial detail. They made the mistake of trying to create significant change by establishing little, isolated communities amid a sea of status quo. Gunnar rdal, in his book "Asian Drama," issues a warning that "There is now a danger that South Asian nations may create isolated clusters of highly organized Western-style companies that will be surrounded by a sea of inertia. To avoid this, industrialization should be guided and reinforced by policies in other areas in order to allow for growth outside the realm of modern large-scale industries to occur at the same time".[8]

The location of agro-based enterprises is advantageous since it allows them to be close to their primary supply of raw materials. As a result, manufacturing costs fall and profits rise. Due to a positive feedback effect, agricultural production rises, turning farming into a profitable endeavor. Agro-based companies also contribute to higher agricultural output by making better fm inputs & farm tools more widely available. The relevance of agro-based industries to the automation of farming cannot be overstated. Fast and consistent agricultural expansion is impossible without the inputs provided by these sectors. As a result, these sectors act as a catalyst for the economy as a whole and for agriculture specifically to reach the point of takeoff. Agribusinesses lessen the need for foreign currency since they can make do with locally sourced inputs and human capital.[9]

A stable income for farmers is ensured by the agro-based enterprises that provide a constant outlet for their produce. Thus, the country's people and material resources may be put to greater use via the growth of agriculture-based companies. Installing crushers in a sugarcane field, for instance, would allow for more efficient use of the crop. This would eliminate transit loss and reduce transportation costs. Involving many different fields, sectors, and organizations, development is a complex endeavor. Therefore, progress in rural areas entails growth in both the agricultural sector and the industrial sector. Growth in agro-based enterprises paves the path for rural revitalization since it benefits both the agricultural sector and the manufacturing sector.[10]

Putting too much emphasis on one sector of the economy slows down the progress of a growing economy as a whole. When a country is too reliant on its agricultural sector, it suffers from a plethora of negative outcomes, including high unemployment, poor productivity, low income, and low savings and investment. By providing outlets for idle farm labor, agro-based enterprises contribute to ending the cycle of poverty in rural areas. They do this through boosting farm incomes, which in turn encourages farmers to adopt new methods of farming and technological advancements. The growth of agro-based enterprises not only increases the availability of agricultural inputs & farming tools, but it also encourages farmers to raise their production to meet rising consumer demand. Countries like Japan, Taiwan, and Denmark have found that agro-based companies significantly boost farm production by promoting the use of cutting-edge agricultural technologies among the farming population.[11]

Agro-based companies not only provide rural regions a much-needed economic boost by providing the sought-after "push to agriculture," but they also serve as a catalyst for the expansion of rural communities' basic services. Since then, the divide between rural and urban regions has shrunk. To provide the essential social, cultural, and psychological underpinnings for contemporary industrial society, agro-based businesses must be seen mainly as an agent to prepare the way for occupational transitions and the formation of new social groups.[12-14]

### **PLACE OF AGRO-BASED INDUSTRIES IN INDIA**

It goes without saying how important the agricultural sector has been to India's economic growth. They have the potential to provide a great deal of jobs at a cheap cost. Agro-based enterprises use simple production methods and have ready access to the tools and resources they need.[15]

In the fiscal year 2010–11, the agricultural sector accounted for 36.65% of all industrial units in India, 49.68% of all employment, \$28.43% of all industrial production, and 22.11% of all net value added. Ago-

based industries' proportional shares of overall industries' working capital, fixed capital, and net income are 21.93 percent, 23.36 percent, and 20.84 percent, respectively.[16]

### **AGENCIES ENGAGED IN DEVELOPMENT OF AGRO-BASED INDUSTRIES**

Before 1951, the private sector in India was responsible for the majority of agricultural and agro-based industry development, with some help from the Central and Provincial Governments. As the planning period began, the government took on a more active role in assisting these sectors in reaching their growth potential. In addition, the government has not included agro-based enterprises as a distinct sector for the distribution of funds in its Five-Year Plans. Village and small industries include agrobased industries (agro-product processing units and agro-product manufacturing units), whereas medium and large scale industries cover agro-input manufacturing units or agroservice centers in metropolitan areas. The most significant initiatives made by planners to revive and update these sectors were:

- (i) Dedicating a sizable budget to the growth of these sectors and the establishment of cooperatives.
- (ii) Creating boards and institutes at the federal and state levels to act as policymaking and funding organizations, whose job it is to advance development plans for these sectors and provide institutional and organizational guidance.
- (iii) Appoint an expert group or commission to look at the issues plaguing these sectors.
- (iv) Acceptance of protective principles to help them develop into economically self-sufficient groups.

Various Government organizations and independent entities at the Central and State level are responsible for the development of agro-based industries on the basis of the aforesaid efforts conducted by the Indian planners at the current time, including:

- (i) Rice mills, oil mills, sugar mills, bakeries, dairies, poultry, cold storage, etc. are all within the purview of the Ministry of Agriculture.
- (ii) The traditional agro-based businesses like as ghani oil, dal, gur, and khandsari processing, hand-made paper, and fruit and vegetable preservation, etc. are all covered by the Khadi and Village Industries Commission.
- (iii) Tractor, power-tiller, diesel engine, pump set, etc. manufacturing sectors are within the purview of the Director-General of Commerce and Development.
- (iv) The Small Business Development Organisation provides support to small businesses in a wide variety of sectors, including the hosiery, food processing, beverage, food and fruit preservation,

agricultural tools, pesticide, and fertilizer industries, etc.

- (v) In addition to producing and processing agricultural goods, the Department of Agriculture has established Agro-Industrial Corporation in the United States to tend to the other requirements of agro-based sectors, such as supplying agricultural equipment and services.
- (vi) Industry growth in areas like cotton ginning & pressing, sugar mills, starch, and rice milling is the responsibility of the Co-operative Department or the National Co-operative Development Corporations.
- (vii) The development of small-scale industries, particularly agriculture-based industries, has been assigned to the State Directorate of Industry in different states.

Industrial Development Bank of India, Agricultural Refinance Corporation, National Microscale Industries Corporation, State Small Scale Industries Development Corporation, Co-operative Banks, and Commercial Banks are just some of the organizations involved in financing and supporting the growth of agro-based industries. This is why the Ministry of Industrial Development has established a Co-ordination Committee.[17]

Through its knowledge-enlightening approach, NIMSME, formerly known as NISIET, serves MSMEs by providing them with training, research, consultancy, extension, and information services. With an eye toward integrating the progress of many economic sectors, it plays a part in every stage of an organization's growth, from the creation of policies and plans to the provision of consultation in vital MSMEs areas. NIMSME encourages business owners to follow their dreams by helping them solve their difficulties and access useful resources.[18]

The reach of NIMSME's efforts has spread beyond India, impacting almost all emerging markets. More than 5,900 professionals from 124 countries have been taught by NIMSME since 1967, making it the first organization of its kind to bring together participants from overseas for training in different aspects of firm growth. The Institute's programs evolve throughout time in response to the needs of a growing globe eager to increase its pace of economic development.[19]

### **PERFORMANCE OF AGRO-BASED INDUSTRIES**

There will be 77,584 agro-based industries by 2020-21, up from 56,567 in 2016-17, a growth rate of just 0.37 percent.[20]

Over half of India's overall production from agriculture-based sectors goes toward making food and drink. Grain mill goods, starches and starch products, and prepared animal feeds account for 46.19 percent of the items produced in this sector.

Despite having the highest percentage of all manufacturing units, second only to those producing food and drink, the number of textile production plants has decreased slightly from 2016-17 to 2020-21 due to the steady decline in the spinning, weaving, and finishing of textiles, which has brought the percentage down from 26.58 percent in 2016-17 to 23.95 percent in 2020-21. A similar pattern may be seen in the production of leather goods within the time frame of this analysis.[21]

The CAGR for the food and beverage industry is 15.31%. Significant at the 5 percent level, the CGR is calculated for the various groups of age-old enterprises.

**Table 1: Indian Agricultural Sector by Type**

S.No	Category	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	T. State
1.	Agriculture Related Activities	3018 (5.33)	2988 (5.40)	2092 (5.04)	2771 (4.75)	4338 (5.59)	11.16*
2.	Textile products	15035 (26.58)	12860 (23.25)	13360 (23.19)	13345 (22.88)	18584 (23.95)	13.89*
3.	Paper & paper products	3,868 (6.840)	4096 (7.40)	4637 (8.05)	4599 (7.89)	6120 (7.89)	11.88*
4.	Tobacco & related products	3226 (5.46)	3161 (5.73)	3281 (5.69)	3120 (5.36)	3493 (4.51)	49.88*
5.	Motor vehicles trailers and semi trailers	3261 (5.76)	3310 (5.98)	3662 (6.350)	4186 (7.12)	5139 (6.62)	11.22*
6.	Leather & related products	2400 (4.24)	2688 (4.86)	2559 (4.44)	2822 (4.86)	4.72 (5.25)	9.72*
7.	Food product and beverages	25759 (45.54)	26220 (47.39)	27126 (47.24)	27480 (47.12)	35838 (46.19)	15.32*
	Total	56,567 (100)	55,323 (100)	57,167 (100)	58,323 (100)	77,584 (100)	14.69

## PROBLEMS OF AGRO-BASED INDUSTRIES

The agro-based sectors are poised to play a significant part in the expansion of the economy, but they are hampered by a number of obstacles. You may classify these issues as either external or internal. There are two types of issues that entrepreneurs face: external, caused by variables outside of their control (such the availability of electricity and infrastructural facilities) and internal, which cannot be changed by adjusting internal elements. These issues are associated with the company's framework, manufacturing methods, distribution routes, expertise, education, labor relations, and managerial shortcomings. 26 There is a link between the two types of issues described below.[22]

Andhra Pradesh, like the rest of the world, has its share of challenges when it comes to agro-based industry. They have a lot of issues to deal with. There are two main types of these issues: external and internal. External issues are those that arise from sources outside of the industries themselves, such as power outages or a lack of adequate infrastructure. Organizational, structural, technological, financial,

marketing, etc. issues are examples of what we call "internal difficulties," since they are not affected by external factors.[23]

## CONCLUSION

The income levels of all groups of rural residents were significantly impacted by agro-based industries. The homes of agricultural workers engaged in agro-based industrial units had a more dramatic gain in income. The employment in agro-based industrial units was advantageous to the latter while the peasant category benefitted indirectly from better earnings and guaranteed work in the agriculture sector. Agro-based industries are a pillar of the Indian economy, contributing to employment, revenue creation, industrial outputs and inputs regional development, and relationships with people from all walks of life. Growth in the agriculture sector led to growth in the nation's socioeconomic development. As a result, it can be said that exporting agricultural goods in the future has enormous potential and will generate significant amounts of foreign currency. The promotion of agro-based exports in the future will need specialized and effective action.

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