

Problems and Constraints to the Development of Agro Processing Industries in Gujarat

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ABSTRACT

REAL India resides in RURAL India. Indian economy is based on agriculture, it is one of the principle dominant sector determines sustainability and growth of our country. Agro process Industries support a large portion of the rural population of India acting as one of major sources of its economy. Indian agriculture has done remarkably well in terms of output growth. Indian agriculture is benefiting Indian economy is rising globally with external demand of agriculture products and raw material worldwide, thus agro based industries are sunrise sector for making the Indian economy stronger in view of specifically industrialization, employment and income generation. The world economy estimates suggest that almost 14 percent work force of total economy is involved in agro process based industries in developing country. If we consider in INDIA only 3 percent work force is engaged in this sector because of underdeveloped state, encouragement from government and family, fear of failure and untapped potential of employment. Therefore the country needs to concentrate now in the agro based industries sector.

The various problems regarding lack of financial assistance, improper marketing channel, technological and export, high degree of breakdown of finished products, physical infrastructure, high project costs, insufficient finance and investment, insufficient skilled workforce, fragile market and managerial problems for outside investment and non-availability of research lab for quality control.

In this context, the present study analyses the growth of agriculture sector in Gujarat and attempt to analyze the various problems being faced by them. It is sure that the agro process industries need attention and encouragement for proper development and it can keep the state Gujarat at global level for export of agro processed food for billions of people to feed.

1. Introduction

Agro-based industries play an important role in the growth of economy. India's 75 per cent of total population directly depends on agriculture and agro-based industries. The economic wealth of our country as developing country depends on the development of agro-processing industries.

Agro processing could be defined as set of techno economic activities carried out for conservation and handling of agricultural produce and to make it usable as food, raw feed, fuel, fiber, and industrial raw material. Agro-based industries are these processing industries which use large quantities of agricultural raw materials such as rice milling, wheat flour processing, textiles, sugar, tea, jute, coffee, paper, rubber production etc. Hence agro-processing industry incorporates all processes from the point of harvest till the material reaches the end users in the expected form.

Agro-processing is the sunrise sector of the Indian economy in view of its large potential for income generation, employment and growth. The developments of agro-based industries are crucial importance in the economic planning and progress of the country. The Agro-based industries provide an excellent nexus in promoting integrated development of agricultural and industry. The world economy estimates suggest that almost 14 percent work force of total economy is involved in agro process based industries in developing

country. The agro-based industries have great impact in the Indian economy, where agriculture contribute around 35 percent of the national income and around two thirds of the employment.

India is one of the largest producers of sugar cane, tea, food, and milk also second largest producer of vegetables, wheat rice, wheat, and fruits However, in India, only around 3 per cent of the work force finds employment in this sector that is because of its underdeveloped state, encouragement from government and family, fear of failure and untapped potential of employment. Inadequate attention to the agro-processing sector hurt the economy of the Country. Appropriately developed, agro-processing sector can make India a foremost player worldwide for supply of processed food, fruits, and a wide range of other plant and animal products.

Taking into consideration the importance of agro-based industries in Indian economy, a number of researcher have worked on the various aspects of agro-based industries such as impact on income, wages, employment, cropping pattern etc. The present paper is also one of such attempts to find out constrains and Problems faced by agro process industries in Gujarat region.

2. Problems and constrains faced by Agro Processing Industries

Gujarat is gifted with plentiful natural resources in terms of climatic conditions, varied soil, and diversified cropping pattern suitable for agricultural activities. Gujarat is a leading producer of various agricultural crops like Gujarat is highest production in the world for Castor (67%), Fennel (67%), Cumin (36%), Isabgol (35%), groundnut (8%), and Guar seed (6%). Gujarat government is promoting agro processing industries with imparting different government schemes, subsidies, and supports. Gujarat has about 16,400 MSME sector in agro process industries. The agro-processing sector contributes an important proportion of the working population in the Gujarat state. However in spite of various initiatives carried out for achieving increasing expansion of agro processing industries in Gujarat there are certain problems which limiting the development of the sector.

Some of the constraints which seem to be devil the development of the agro-industrial sector in Gujarat region include:

- Lack of sufficient stock of raw material'
- Lack of physical facilities'
- Technological gap
- Inadequate power supply'
- lack of competence in management'
- Sub-optimal use of processing facilities and equipment
- Poorly trained personnel and a lack of awareness of updated technologies
- Lack of cooperation and coordination among different developmental agencies,
- Inappropriate packaging materials and high packaging cost
- Lack of linkage in marketing structure'
- lack of adequate working capital'

These problems have been debated and discussed in many local and regional forum. In most of the states concerned implementation of these recommendations appear to be non-existent. The very non implementation strategies may well be the result of the lack of well thought-out, planned strategies for agro-industrial development. It may be helpful to inspect few individual constraints.

- **Availability of Raw Material**

Availability of quality raw materials in insufficient quantity and on an appropriate time is one of the key problem faced by major agro process industries. Some raw material are available on seasonal basis or production is mainly depends on the rainfall condition as well as irrigation facilities cause scarcity of raw material. The processing units are under handicap in obtaining requisite quality material at reasonable prices. They do not get the advantage of bulk buying. Agro process industries also face shortage of power due to which they are unable to make full utilization of plant capacity. Inefficient supply of these raw materials is the main obstacles in the development of this agro-based Industry.

The different researcher found that raw material like plantains, sugar cane and bananas are gifted with a wide variety of exotic primary commodities, much of which have been used in the agro-processing sector with excellent results. Very few of these commodities are available in the required quantities throughout the year, and thus agro-processing sector depending on such raw material cannot be sustained well. Here the clearly requirement is to differentiate between availability of raw materials for processing and seasonality of growth is an adequate decision for procurement of stock. The storage of perishable raw material like fruits can be done by developing semi-processed forms in which they can be stored throughout the year. This limitation needs to be overcome by conducting fundamental and applied research intended for developing know-how for Innovative and appropriate processes for the utilization and storage of indigenous resources.

The present stage of the agro-processing sector is availability of raw materials in desired quantities and lack of suitable indigenous raw material availability for production. One potential solution to the problem of sufficient raw material supplies throughout the year is the development of state farms. The selected commodities channeled into the agro-processing sector could be propagated and grown on a phase basis to meet the demands of the agro processing sector. Another possible solution is to invent, research and develop a mechanism for definite raw material supplies throughout the year from the farmers. Adequate attention must be given to the promotion and organization of domestic production to supply raw material for the development of this sector. The clear policy framework for the farming, production and adequate utilization of these available commodities may the most critical constraint that needs to be short out. Adequate attention must be given to the promotion and organization of domestic production to supply raw material for the development of this sector.

- **Infrastructure & Labor**

In an economy, where agriculture is the primary occupation and most of the national income is contributed from agriculture. The industries need right number and skilled manpower for their profitability and productivity enhance manifold. The major problems related to labour are like Illiteracy, Absenteeism, Migration, Health and Nutrition, lacking in training/experience etc.

As compared with other countries, the percentage of educated workers is very low in Gujarat, most of them being illiterate. Consequently, they are not in a position to receive advanced industrial training, understand the problems in industries their own interests. Sometimes labours are more restless and does tendentious towards frequent migration because life in the town does not provide for his needs, and the atmosphere in general does not suit him. Also due to inadequate level of wages the labours cannot comfortably settle down in one place. Sometimes workers is unable to provide with a healthy living for his family and in the case of female workers she is not provided with assistance in case of need.

In agro based industries of Gujarat district 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.

- **Management and Administration**

Many small scale industries faces problems because of lack of professional management. The previous surveys in many agro process units found that none of the units have appointed professional manager in their enterprises. Majority of the units are in partnership form of the organization and due to vested interest of the some partner, there is a dispute and lot of litigations among the partner. The money required in agro process industries have been diversified in other dead assets like home construction, land purchase, money lending as a result these industries are not earning good profits. The enterprises invested huge amount of money in dead assets like building construction, huge capacity machine purchase, and administrative expenses.

The main reason of management problem is in large investment in fixed assets, diversification of funds and disputes among partners respectively.

- **Financial Crises**

Another serious problem faced by the development of a agro-industrial sector is the scarcity of financing. The agro based industries faces numerous financial problem like lack of finance by the financial institutes. Comparative then large agro industrial enterprises the small and micro processing units faces major constraints. Hence the government have not shared any coherent programmes or projects specifically designed to support the development of MSME units. Therefore, recommended that development of finance institutions should be streamlined and better funded to provide soft financing for the viable units.

The higher rate of interest by the financial institutes against variable income create crisis for the units. The agro process industries facing serious shortage of capital major for raw material purchase, payment to workers, Power supply, and Packaging & transport. Against that the financial institutions for short term and long term finance provider of public and private agencies harm the units than taking them out from the crises. Sometimes the situation worse that the fresh load need to hire to repay the old loan. In such cases investor relies more on indigenous capital for development of agro process industry.

The overrun of raw material and higher rate of interest rates put the agro industries in under development stage.

- **Marketing**

The agricultural marketing is not developed much in Gujarat. Here organised marketing for agriculture is not developed like cooperative societies, Regular Market or Government marketing activities. 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. As a result, the units remains entangled in exploitation by

middleman and agent. In addition to it industries are also facing stiff competition, changing conditions of market and lack of appropriate and viable market for the product. Thus, lack of organised marketing system, unawareness of available market, export facilities are not physibler for the farmers. So the farmer have not any option and needs to sell his agriculture product to different people personally. The agent or middle person take full advantage of such farmers. if agro process units do not fetch appropriate market to sell their products at reasonable prices the units may be at the stage of closure.

- **Research & Development Problem**

Almost all the agro processing industries, particularly the small and medium ones, are in the hands of the private sector, which do not have access to latest technology because of the unaffordable cost of Research and Development. R& D has an important place for inculcating industrialization and inculcating entrepreneurial culture. The various R & D problems in agro based industries comprises the non- availability of research lab for testing and quality control.

With increase in population India may face severe food crisis and the issue of food security is going to be a critical issue in the years to come. Though the past few year scenario presents the growth of nonagricultural industries steadily, but the agriculture will be the life blood of the world economy.

Increasing food production according to demand and ensuring food availability for such a huge population is undeniably a scary task. This is going be hard especially if not encouraged by improvement in other agriculture dependent sectors as well as reasonable R&D funding, developing research infrastructure, professional management of agricultural resources, facilitating rural empowerment, and creating more income generation opportunities.

3. Conclusion

The study conclude that lacking of resources required for sustainability of enterprise like Physical facility of place, Stock of raw material, Professional management system, marketing of products, coordination between different industrial agencies, technological development, adequate finance, sources of finance, working capital, substitute of raw material, export facility, adequate power supply, project execution, easy government and licensing procedure, development of marketing linkages are needs to seriously concentrate.

The finding from study suggest important area for training by entrepreneurs are quality management, packing techniques, technology upgradation, marketing channel development, marketing management, brand promotion, export promotion, advertising and promoting agricultural products, Research and development, Branding of products for suitable units.

Agro-based industries must faster the spirit of interdependence between agriculture and industry. Such industries must use the raw materials provided by agriculture and their output must have a market among the rural population. Surplus rural manpower must be absorbed by these industries

Government must focus on increasing investments in agricultural R&D and implement efficient institutional reform in

order to contribute more effectively to tackling the emerging challenges in agriculture and food security both at national

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