

Rural Industrialization: Role of Government Agencies

Dr. Pallavi Sharma

Associate Professor, Amity School of Architecture and Planning, Amity University Haryana

Abstract - Rural industries play a major role in the development of our country, India. It not only raises the economy but also raises the living standards of the people by providing them employment opportunities. Locally available material can fulfill the need of raw material which will in turn eliminate the transportation cost as well. Rural industries are located in the rural area of any city. They are planned in such a way that it can also work without power supply, as there is always a shortage of power supply in rural areas. The investment is also not much as it is owned by the villagers. Village industries can also be termed as Rural Industries.

Keywords: rural industrialization, entrepreneur, non-government agencies, rural employment, diversification.

1. INTRODUCTION

Rural Industrialization means encouraging location of large and small scale units away from urban areas or planned shifting of units from urban areas to rural areas. Rural industrialization aims at all-round development of an area as well as people living in such areas.

Industrialization started from Stone Age. As they had no currency at that time, they started with the exchange of goods, which was termed as Barter System. With change in time, pattern changed and this is visible to all.

Ministry of Agro & Rural Industries has been designated to coordinate the programme with various Ministries/agencies engaged in similar programme. Small Industries Development Bank of India (SIDBI), National Bank for Agriculture and Rural Development (NABARD), Khadi & Village Industries Commission (KVIC) and states are the major implementing agencies of the programme.

2. MAJOR RURAL INDUSTRIES

- **Mineral Based Industries** - Pottery, Lime, Stone Carving.
- **Khadi** – Sericulture, Handloom, Powerloom, Jute Processing, Wool Knitting
- **Coir**

- **Forest Based Industry** – Medicinal Plants Industry, Bee Keeping Industry (Honey), Minor Forest Based Industry.
- **Agro Based/Allied and Food Processing Industry** – Pulses & Cereals Processing Industry, Gur & Khandsari Industry, Palmgur Industry, Fruit & Vegetable Processing Industry, Village, Oil Industry, Poultry, Fisheries, Livestock, Dairy.
- **Polymer & Chemical Based Industry** – Leather Industry, Non Edible Oils and Soaps Industry, Cottage Match Industry, Plastic Industry.
- **Hand Made Paper & Fibre Industry** – Hand Made Paper Industry, Fibre Industry.
- **Rural Engineering & Bio-Technology Industry** – Non Conventional Energy, Carpentry & Black smithy, Electronics

3. ROLE OF GOVERNMENT AGENCIES

- The objective of Ministry of Agro & Rural Industries (ARI) was to create employment opportunities in rural areas with the optimum use of locally available materials, skills and technology.
- The Ministry is the nodal agency for coordination and development of village and khadi industries and tiny and micro enterprises in both urban and rural areas as well as for the implementation of the Prime Minister's Rozgar Yojana (PMRY)
- The Ministry of ARI implements the policies and schemes through Khadi and Village Industries Commission (KVIC) and the Coir Board.
- The KVIC launched Rural Employment Generation Programme (REGP) for the generation of jobs in the rural areas. The objectives of REGP are:
 - a) To generate employment in rural area
 - b) To develop entrepreneurial skill among the rural unemployed youth
 - c) To achieve the goal of rural industrialization

- d) To mobilize Bank Finance looking to the limited resources of KVIC

4. ROLE OF NON-GOVERNMENTAL AGENCIES

- Non-Government agencies, also known as non-profits organizations, provide a variety of services to the community.
- They are governed by the voluntary board members and these volunteers take the responsibility to deliver programs.
- The volunteers speak out on policies launched by the Government and make people aware of their rights and benefits from the same.
- Governmental programmes are given shape by these organizations.

5. PROBLEMS

The major problems faced in the development of the rural industries are:

- Lack of adequate infrastructure.
- Low in technical knowledge
- Unaware of marketing policies
- Handling of Legal issues
- Procurement and storage of raw materials
- Advertisement and presentation of their goods
- Unavailability of Skilled labour
- Financial constraints

6. DEVELOPMENT PROGRAMMES FOR RURAL INDUSTRIES

The various development programmes aims to promote small scale industries of rural as well of urban areas. Government has launched various projects and schemes for the promotion of these industries.

6.1 Rural Industries Project (RIP):

It was a centrally-sponsored scheme, which was started in the year 1962-63. In its initial stage, 45 areas with different socio-economic backgrounds were covered, but later on four more areas were included in the year 1965.

The main objectives of this programme were:

- To set up small industries in the rural areas with optimum use of locally available material.

- To generate employment.
- To diversify rural occupation.
- Enhance the standard of living of rural communities.
- To reduce migration to urban areas.
- Raise the incomes of rural people.
- To secure social justice.

Initially, the programme was for a limited period, 3but later on, it was extended for about 25 years, in a phased manner.

Facilities in the RIP: Certain facilities were provided to the entrepreneurs of the RIP, they are as follows:

- Technical advice, preparation of project report including finances.
- Supply of raw materials
- Organization of training programmes to raise the skill level of the rural people.
- Advance loans from the funding agency at concessional rate of interest.
- Subsidized rates for advertisement and publicity.
- Construction of industrial estates.

Special concessions by the Central Government:

- Subsidy up to 15% of the fixed capital investment.
- Concessional finance on easy terms.
- Liberalized import of machinery and raw materials
- Priority in the supply of machines on hire-purchase.

Further concessions by State Government:

- Subsidy on project reports.
- Concession on power tariff, land, exemption of sales tax, etc.

In the early stage, RIP showed some impact and the cost benefit ratio was quite high. By the year 1978, 25% of the country was covered by RIP projects. Production and industrial employment also rose. But, it was also realized that the programme had only marginal success. District Industries Centre Scheme was launched in the year 1978, and RIP was then merged with it.

6.2 Rural Artisans Programme (RAP):

In the year 1971-72, Ministry of Agriculture started Rural Artisans Programme. The main objective of the scheme is to provide training to the artisans of rural areas. They

were helped to work with improved tools to produce goods which could be sold out in the local market. The improvement in their working procedure was expected to raise their income which in turn would raise their living standard.

This programme was also merged with DIC project.

6.3 Integrated Rural Development Programme (IRDP):

It was launched in 1978-79. The main objective of the launch of this programme was to provide employment opportunities and bring them above the poverty line. Agriculture with allied activities could create employment opportunities. In addition to this, diversion of manpower to non-agricultural activities was also important. For this, small scale industries play a vital role in providing employment to the artisans.

The programme covered people below poverty line irrespective of their occupation, caste and culture. This feature distinguishes it from earlier anti-poverty schemes. The programme has no new approach to tackle the burning problem of poverty.

6.4 District Industries Centre (DIC):

Many programmes and schemes were launched to promote small scale industries. But due to lack in co-ordination in various agencies, small entrepreneurs were left confused. They had to roam around in order to get guidance.

In order to provide solution to all such problems under one roof, the Government introduced District Industries Centre (DIC) in 1978. The main objective was to provide all facilities and assistance under a same roof. It had co-ordination with various agencies which were working for the promotion of small sale industries.

It was difficult to achieve targets set by DIC. The scheme failed to generate employment through setting small and medium scale industries.

6.5 New 20-point Economic Programme:

This programme describes about the investment procedure, policies to ensure timely completion of projects. The programme was revised in 1986 which does not directly focuses on rural industrialization, but speaks about special programme for rural labour, opportunities for youth, protection of environment, attack on rural poverty, etc., that defines that rural industrialization with get priority.

6.6 The National Scheme of Training Rural Youth for Self-Employment (TRYSEM):

In 1979 Ministry of Rural Reconstruction initiated National Scheme of Training Rural Youth for Self-Employment. The principle objective of this scheme was to facilitate rural youth with necessary skills to enable them to seek self-employment; this would in turn remove unemployment among the youth. After the completion of the training, government would support the entrepreneur in setting up of their own enterprises. The people who were getting training under this scheme had a benefit of stipend to meet incidental expenses during the training period.

This scheme helped the youth to raise their living standards, but also showed inadequacies of the training programme as it could not meet the practical needs of the trainees. TRYSEM has been integrated into Integrated Rural Development Programme.

6.7 Institutional Frame Work:

Number of institutions has been promoted in India to assist small scale industries.

- a) State Directorate of Industries
- b) Small Scale Industries Corporation
- c) Handloom Development Corporation and Other Boards
- d) Small Scale Industries Development Organization (SIDO)
- e) National Small Industries Corporation (NSIC)
- f) All India Boards
- g) Khadi and Village Commission (KVIC)

7. CONCLUSION

The development of a country also depends on the rural industries. Rural industrialization not only eliminates incomes disparities between rural and urban areas but also raises per capita income and living standards of the people. Rural industrialization fulfills the economic and social needs of the rural areas such as generation of employment opportunities, diversification in occupation, rise in living standards, migration in urban centres, etc.

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