



ROLE OF INDUSTRIALIZATION IN RURAL DEVELOPMENT

Dr. G. G. Parkhe

B. D. Kale Mahavidyalaya, Ghodegaon,
Tal : Ambegaon, Dist : Pune, Maharashtra, India

ABSTRACT

The present research paper is focuses on the Rural Industrialization, Government Policies for rural development. Rural areas are facing major challenges today which arise mainly from globalization, demographic change and the rural migration of young, well-trained people. Policies for rural areas aim to contribute to recognising and making use of strengths and opportunities.

Promoting development in rural areas is a slow and complex process. It requires simultaneous action in various sectors, in an environment undergoing rapid, sometimes volatile change. The change comes from internal as well as external processes such as privatization and globalization.

India is a country of villages; its major population lives in rural areas. Promoting the development of rural industries not only helps in the economic development but also in improving the livelihood of rural people, alleviating poverty, etc. However, the government has realised the importance of rural industrialisation and trying to developments such objective by implementing various development schemes and plans. The government should give more attention on the machinery of implementation of such schemes. Providing adequate funds for such programmes are not the only solution, the delivery system must also be effective. As discussed earlier, the Rural industries has huge potential in employment generation and income creation in rural area, thus, in the current scenario all round economic development of rural economy and industries can be an effective tool to overcome the underdevelopment of rural areas and industries.

KEY WORDS

Industrialization, Rural Development, Micro-Entreprises, Agriculture Development.

INTRODUCTION

India is known as agricultural as well as rural based economy. However, rural society is traditional, conservative and detached from the sources of innovation. In industrialized nations where localeconomies are integrated components of the national economy and national policies reach citizens in allparts of the nation, it is reasonable to ask weather specific attention should be paid to rural areas, ratherthan simply relying upon national programs. To reduce the migration rate we need to have a sustainablesolution like providing employment opportunities to rural public. Industrial development has greaterpotential in expansion of economic activities and it will eventually help in development of rural assetsalong with income generation, development of infrastructure, raising standard of living and per capitaincome for rural people. Industrialization act as an instrument both of

the creating capacity to absorb excess labour power and of catering for the diversification of the market required at the higher stages of economic development. Rural areas are specialised more in agriculture while Industries are located mostly at urban location giving a weak rural-urban linkage which ultimately results in lower pace of development in rural area.

India is characterised as developing economy and still nearly 65% of total Indian population live in rural areas. It would not be wrong to say that India lives in village despite of the fact that their total contribution in total GDP of India is only 18%. But when we look upon the developed structure of India, we can see that there is a wide range of disparities in various respects as the division of economic activities between Urban & Rural areas. Rural areas are specialised more in agriculture while Industries are located mostly at urban location giving a weak rural-urban linkage which ultimately results in lower pace of development in rural area. Industrialization has a major role to play in the economic development of the underdeveloped countries. The gap in per capita income between the developed and underdeveloped countries is largely reflected in the disparity in the structure of their economies; the farmers are largely industrial economies, while in the later production is confined predominately to agriculture.

The rural industries sector aims to cater towns and cities or even export market and also earn foreign exchange for the economy. The rural industries sector consists of two broad sub-sectors such as modern small industries and traditional industries. The former covers small industries and the power looms whereas the later comprises of khadi, village industries, handloom, sericulture, handicrafts industry.

OBJECTIVES OF THE RESEARCH STUDY

The present research study is carried out with following objectives in view:-

1. To study the conceptual background for Rural Industrialization.
2. To study the role of industrialization in Rural Development.
3. To give the major recommendations for improvement for Rural Development.

RESEARCH METHODOLOGY

The present research study is based on the secondary data. Such secondary data is collected from various reference books on Rural Development, Industrial Development, Micro-Enterprises, Agriculture, Marketing Management, Commerce, Management, Technology, Finance, and Banking etc.

For the said research study the data pertaining to the above objectives was collected by the review of the literature on the subject concerned. The literature was thus collected by visiting libraries and various concerned websites.

HYPOTHESIS

The said research study was carried out with following hypothesis in view:-

- H1** - Today, Small Scale Industries are facing major challenges which arise mainly from globalization and industrialization.
- H2** - Rural and Agricultural sector is facing several challenges due to Industrialization.

RURAL INDUSTRIALIZATION

Near about 65% of the total population of India live in rural areas. Rural India have very low disposable income. Most of the rural has minimal storage space and no-refrigeration with average literacy rate of 58.9% and people between 15-25 years of age group are nearly 48% of total rural demographic structure. Despite of this fact major portion of these human resource remain underutilised

or unutilised and neglected which have resulted in high rate of rural unemployment and high rural-urban migration. In path of achieving economic excellence policy maker tend to forget about the sustainable development of Indian economy i.e. the rural sector. It's not that till now nothing has been done but whatever has been done till now has not been very fruitful. Rural sector is suffering from unemployment, low saving, lower standard of living with high rate of rural to urban migration because of which the total amount of cultivable land is shrinking and cities are becoming over populated. Villages are converting into the city by acquiring rural land by the real state. Due to which agriculture is contributing less in GDP. If the government consent moves in the favour of development of rural industries then the spirit of entrepreneur can also be boosted by the new business employment opportunity.

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Sustainable development is generally discussed in terms of environmental consideration, but from a rural community perspective, sustainable development must address how the people of the community generate the income to maintain their rural lifestyle. Another major problem of rural area is that rural poor include large number of the landless as well as tenants or share croppers with precarious land tenure arrangements. Rural non-farm activities such as village industries, farm equipment, repair shops, carpentry and produce marketing are a vital element in any programme to develop the rural areas that is to supply services and inputs which are essential for increasing agriculture productivity. 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. Under rural industrialization concept, the state should encourage industrialization in rural areas on a massive scale. Although small scale industries as well as large scale industries engaged in the production of similar items. A conflict arises as to which industry needs to be supported, the large scale industries contributed to massive production, decrease employment opportunities due to automation and finally lead to unplanned urbanization, ecological and environmental degradation while rural industrialization generate more employment opportunities for the rural masses and bring all its attendant advantages to the rural scenario.

GOVERNMENT POLICIES FOR RURAL DEVELOPMENT

The government of India has given utmost importance for the growth of rural industries through five year plans and industrial policies because of their high employment intensity. Since employment is a means to achieve growth with social justice, a number of programmes and schemes have been designed and implemented for their development. Central government plays a leading role in certain programmes and state govt. act as an implementing agency of central govt. in certain schemes state govt. play a leading role while institutional financing agencies dominate in some states. From the union budget estimates of government, we can analyze the amount of contribution; government is giving to promote the growth of rural economy. Following table and graph represent the budget estimates of government for the agriculture & allied activities and rural development.

1. Fiscal Policy: Fiscal Policy is to bring about an increase in investment in both old and new industries sectors and to discourage speculative investment in unproductive activities and increase the productivity of the various factors of production engaged in secondary sector. Tax concessions are designed to influence those responsible for decision about investment, whether in new or expanding enterprises or private or institutional investors.

2. Credit Policy: In most underdeveloped countries, especially those in which deliberate efforts have been made to accelerate the rate of economic advance, the probability of excess credit resulting in inflation is generally far greater than that of shortage of credit.

3. Balance of Payment Policy: The process of establishing a new industry in an underdeveloped country almost inevitably involves the use of foreign exchange. In the absence of foreign assistance the rate of industrialization is limited in the first instance by the size of the current balance of payment surplus, which determines the resources available for financing imports capital goods.

RECOMMENDATIONS

Government of India is providing a lot of funds for promoting rural economy and industry. The above studies suggest that availability of funds is not the only factor for rural development. The major factor seems to be the potential of the funding Ministries/State Governments to formulate appropriate schemes and the delivery system to properly utilize funds and successfully move the schemes into desired outcomes. To achieve growth, rural areas need productive activities which produce rural exports: goods and services that can be traded outside rural areas. A clear cut policy for rural industrialization is to be evolved which should address the likely pitfalls in the road to rural industrialization. Special efforts should be made to strengthen the economy of marginal and small farmers, artisans, unskilled workers etc., so that they can also contribute to growth. This would need strengthening of programmes based on skills and assets that the poor possess, and helping them with credit and market support. There is also a need of developing awareness among rural peoples about development programmes of government. There is no technology up gradation in rural industries. Around 60 percent of artisans are still carrying on their traditional occupation in primitive way. Although, there has been done lot of work for providing suitable technology to the rural industries, still there is a more urgent need for R&D in rural industrial sector. To encourage rural industrialization, it is necessary to continue to provide concessional credit to the rural entrepreneurs.

CONCLUSION

The earlier economic policy has affected the growth of the rural industrial economy; still there is a greater opportunity in India to development of rural economy. India is a country of villages; its major population lives in rural areas. Promoting the development of rural industries not only helps in the economic development but also in improving the livelihood of rural people, alleviating poverty, etc. However, the government has realised the importance of rural industrialisation and trying to developments such objective by implementing various development schemes and plans. The government should give more attention on the machinery of implementation of such schemes. Providing adequate funds for such programmes are not the only solution, the delivery system must also be effective. As discussed earlier, the Rural industries has huge potential in employment generation and income creation in rural area, thus, in the current scenario all round economic development of rural economy and industries can be an effective tool to overcome the underdevelopment of rural areas and industries.

At last of the paper it can be conclude that although there are many dimensions for the development of rural area through industrialization, yet these dimension and opportunities could be chalk out only with the help of more government assistant. Besides this, there are already a lot of schemes for the growth of SSIs, but main hindrance is not well implementation of the policies and schemes in a proper way. This is the fact that, we achieved a lot till independence but not in the proportion of population, when growth of SSIs would be equal or more than the growth of population. Surely we would achieve a healthy and problem free economy after independence.

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