UNIT 3 RURAL INDUSTRIALIZATION

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3.1 INTRODUCTION

One of the central problems impinging significantly on rural development is the shrinking employment opportunities in rural areas. Seasonal unemployment, partial unemployment, artisans who are at the margins because the technology they use has become obsolete is common in Indian villages. Finding jobs to match the skills of the people is one enormous task for any government. Agriculture is widely found to be non-remunerative. This has accelerated migration to urban areas in a big way, worsening the situation of urban poverty.

A recent challenge to development in rural areas is distress departure from agriculture. The paradox is that commercial exploitation of resources in rural areas is systematically done by corporate interests. The dearth of access to information, knowledge and technology make rural people to stand away and watch their resources such as land, sand, soil, water, vegetation, herbs, trees etc. being exploited by profiteering interests. The unlettered or semi-literate rural people wind up their business in villages, and get set to depart to urban centres in search of employment in the cities.

Commencing from the mid-1950s, one of the best strategies that India has been adopting for employment generation, especially in rural areas is rural industrialization. There are several concepts, models, and experiments that are successful in rural industrialization and in mass employment generation in several parts of the country. They are also known as non-agricultural sub-sector.

After studying this unit, you should be able to:

- explain the significance of rural industrialization
- role of rural industries in development
- features and types of rural industries in India.
3.2 RURAL INDUSTRIALISATION: MEANING AND SIGNIFICANCE

3.2.1 Meaning

Industries are places that manufacture goods or articles for the consumption of the masses. Industries generate employment for the society. Industries contribute to the economic development of a nation. Rural industries are non-farm activities that depend on rural resources, and are primarily meant for employment generation through effective utilization of locally available resources, human power and technologies that are native or home-grown. These are by nature small-scale. These are usually based in villages. Hence, they are popularly addressed as: small-scale industries / village industries / rural industries. Since employment generation is one of the essential objectives of rural industries, they usually work with the philosophy of production by masses-as opposed to mainstream industries where goods are mass produced. It aims at reducing unemployment levels, and enhancing the individual and household incomes. Since the scale of activities is small, the financial requirement is also usually small. According to T M Dak, the concept of “rural industries” itself lacks uniform and accepted definition, is used interchangeably with such terms as, “artisan industries” etc.

The Planning Commission first used the term “rural industries” when it recommended a rural industries projects programme in the year 1962. In a report on Village and Small industries sector, the Planning Commission (1988) defined rural industries in the following lines, “The term ‘rural industries’ connotes such types of industries as khadi, Village industries, handloom, handicraft, sericulture, coir and tiny and service industries situated in rural areas”.

Thus, rural industrialization includes economic activities outside agriculture, carried out in villages and varying in size from households to small factories. Some examples of these activities are cottage, tiny, village and small-scale manufacturing and processing industries; and services of various kinds. Household industries have declined over time, whereas small scale, non-household industries have expanded. Cottage enterprises – based on part-time family labour – are relatively less efficient than small-scale, fulltime and specialised rural industries.

The term rural used as prefix to industrialization is to indicate a need for clear conditionality and connectivity between industrialization processes and a distinct section of society. Industrialization is a process of producing goods and services using certain specific inputs, technologies and manufacturing procedures. Rural industry, in the traditional sense, is construed as the economic activity characterised with features like ease of entry, reliance on indigenous sources, small scale operation, adopted technology and skills acquired outside the formal schooling system. However, this segment suffers from technological obsolescence, low productivity, inefficiency, inconsistent quality, drudgery and dependence upon nature’s clemency. Arrival of new technologies as a fall out of globalization and scaling up production calls for innovation or improvisation in technologies used in rural industries as well.

In effect time has come for us to think of ‘Rural Industrialization’ as an endeavour requiring innovation, distinct from state sponsored small scale industrialization to serve both rural and semi-rural areas. The concept of Rural Industrialization
Rural Development in India encompasses facilitating avenues of employment in non-farm activities on a widely dispersed basis nearer to the place of living of the poor. It is also felt that a shift in income distribution in favour of the poor would require increased production of articles of mass consumption and wage goods, which can be produced through Village Industries (VI) or Small Scale Industries (SSI). Application of technology and being able to draw the attention of the potential consumers has become imperative for products from rural industries as well. According to Chuta and Sethuraman, rural industrialisation is an employment oriented development strategy necessarily implying greater emphasis on small scale activities. These not only offered greater employment and income opportunities for the rural poor in particular but also facilitate their participation in development.

3.2.2 Significance of Rural Industrialization

In most developing countries – including India – the rural labour force has been growing rapidly but employment opportunities have been dwindling. As the land available for expansion of agriculture becomes increasingly scarce, opportunities for non-farm employment must expand, if worsening rural poverty is to be checked. Given the expected growth and composition of large-scale urban industries, they are unlikely to be able to absorb the rising tide of workers migrating from the countryside to the cities. We must slow down the process of the urban spread, with its high social and environmental costs, such as congestion, pollution, skyrocketing land costs etc. Therefore, diversion of manpower becomes imperative from agriculture sector to industry and service sectors. Since employment in the service sector, particularly in rural areas is limited, the development of industrial sector, especially in rural segment is essential.

The rural industrialization is considered as a vehicle for the generation of productive employment and income for the generation of productive employment and income for the rural poor. The significance of rural industrialization can be attributed due to following factors:

i) They can slow down urban migration and thereby ease the problems of urbanization.

ii) They lead to improvement in environment by reducing the concentration of industrial units in big cities.

iii) They can increase rural income and generate nonfarm employment to the farmers.

iv) They can reduce both skilled and unskilled unemployment.

v) They can promote balanced industrialization by avoiding excessive industrial concentration.

vi) They are based on the local needs and can better meet the local consumption needs.

Thus the decentralization of industries to rural areas is one of the best possible development strategies for thickly populated country like India.

3.2.3 Objectives of Development of Village and Small Industries

According to one of the Five year plan, the objectives of the development of village and small industries are:
Rural Industrialization

i) to assist in the growth and widespread dispersal of industries;

ii) to increase the levels of earnings of artisans;

iii) to sustain and create avenues of self-employment;

iv) to ensure regular supply of goods and services through use of local skills and resources;

v) to develop entrepreneurship in combination with improved methods of production through appropriate training and package of incentives;

vi) to preserve craftsmanship and art heritage of the country.

In this session you read about the role of industry in development, now answer the questions given in Check Your Progress 1.

Check Your Progress 1

Note:  a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) What is the meaning of the term Rural Industrialization

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2) What is the significance of Rural Industrialization for India?

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3.3 ROLE OF RURAL INDUSTRIES IN DEVELOPMENT

In India, cottage and village industries have been an important occupation of the landless and other poor people in villages for ages. It is an important source of income and employment opportunities for them. As a matter of fact, agriculture and rural industries are complementary to each other. This sector has the second largest share of employment after agriculture. It touches the lives of the weaker and unorganised sections of the society, with more than half of those employed being women, minorities and the marginalised. Fifty seven per cent of the micro and small enterprises (MSEs) units are owner-run enterprises with one person. They account for 32 per cent of the workforce and 29 per cent of the value added in non-agricultural private unincorporated enterprises.
This sector contributes to over 40 per cent to the gross turnover in the manufacturing sector, about 45 per cent of the manufacturing exports and about 35 per cent of the total exports.

India has a very large spectrum of industrial activities surviving in the villages in spite of severe competition from the highly industrialized urban society. ‘Traditional’, as they are called, these artisans sustain with their handed down technologies, with slight improvements not keeping pace with changes in that the sector or market demand. The Government of India through various formal institutions and budget allocations supports rural industrialization activities. These aim at supporting rural industrialization, creating enabling environment to arrest rural to urban migration, and employment generation at the local level. This would eventually enhance the individual and household incomes leading to poverty reduction.

### 3.3.1 Role of village Small industries in India’s export

The VSI sector contributes to about one-third of India’s export earnings despite getting only an insignificant share of the plan allocations. It is ironic that despite its tremendous export potential, promotion of exports has not figured in our five year documents as an objective of development of this sector. This does not, however, mean that there have not been any measures to promote exports of this sector. Organisations like the Handicrafts and Handlooms exports Corporation and Central Industries Corporation are evidences of government efforts to encourage exports of VSI products. However, the fact remains that our five year plans have not visualised contribution to exports as an important objective of the development of the village and small industries despite their impressive export potential.

Between 2000-01 to 2004-05, the small enterprises sector registered continuous growth in the number of units, production, employment and export. The performance of SSI is given in the Table: 1

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of units (lakh)</th>
<th>Employment (lakh)</th>
<th>Exports (Rs. Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regd.</td>
<td>Unregd</td>
<td>Total</td>
</tr>
<tr>
<td>2000-01</td>
<td>13.10</td>
<td>88.0</td>
<td>101.10</td>
</tr>
<tr>
<td></td>
<td>(4.1)</td>
<td>(4.4)</td>
<td>(4.4)</td>
</tr>
<tr>
<td>2001-02</td>
<td>13.75</td>
<td>91.46</td>
<td>105.21</td>
</tr>
<tr>
<td></td>
<td>(4.1)</td>
<td>(4.2)</td>
<td>(4.2)</td>
</tr>
<tr>
<td>2002-03</td>
<td>14.68</td>
<td>94.81</td>
<td>109.49</td>
</tr>
<tr>
<td></td>
<td>(4.1)</td>
<td>(4.4)</td>
<td>(4.4)</td>
</tr>
<tr>
<td>2003-04</td>
<td>15.54</td>
<td>98.41</td>
<td>113.95</td>
</tr>
<tr>
<td></td>
<td>(4.1)</td>
<td>(8.6)</td>
<td>(4.3)</td>
</tr>
<tr>
<td>2004-05</td>
<td>16.57</td>
<td>102.02</td>
<td>118.59</td>
</tr>
<tr>
<td></td>
<td>(4.1)</td>
<td>(10.0)</td>
<td>(4.3)</td>
</tr>
</tbody>
</table>

Note: Figures in parenthesis indicate percentage growth over previous years
(Source: Economic Survey 2005-06, GOI)
3.4 FEATURES OF RURAL INDUSTRIES

Given its enormous diversity and the constantly evolving context, the content of rural industrialization remains a difficult task. The best evidence for this is the migration of rural populace to urban areas in search of employment in construction industries, hotels and restaurants etc. Some of the distinguishing features and major advantages of rural industry are narrated below:

i) The Village, Khadi and small industries assume special significance owing to its high employment potential which becomes immensely important for an economy like India which is characterised with abundant labour supply and concomitant unemployment and underemployment. Today nearly 40 million people are employed in these industries on full time or part time basis. This figure is much more than the total people employed in organised manufacturing and mining sectors.

ii) These industries also provide employment in the off-season while agriculture provides only seasonal employment. The Village and cottage industries help people meet their employment issues in the off-season.

iii) The Village, khadi and cottage industries employs the people falling under special categories like women, old aged, children, physically disadvantaged, etc. Alongside it creates part time opportunities for people who are working somewhere else on full time basis in order to make additional income.

iv) Most of these industries are located within the household premises which poses as an advantage for the employed people.

v) The Village and cottage industries are a boon for labour-abundant and capital-scarce economy like India. The capital-output and capital-labour ratios are comparatively very low. That is, the amount of capital investment required per unit of employment and the capital investment required per unit of output are comparatively very low.

vi) Because of the low capital-output ratio and low gestation period they promote non-inflationary growth.

vii) Khadi and village industries have been found to be of particular help to the weaker sections of the society.

viii) These industries promote economising of resource utilisation and resource conservation. Techniques that are easily adaptable are adopted to ensure maximum utilisation of locally available raw materials. At times, there is usage of nonconventional raw materials whereby there is conversion of waste into wealth.

ix) These industries help in reducing the regional economic imbalances as these industries can develop in almost all areas including backward, tribal, hilly and inaccessible areas.

x) These industries help in increasing employment opportunities and income henceforth increasing the pace of rural development.
As compared to the large industries, the small industries have received more of attention owing to the ecological issues they create.

There is no creation of energy crisis and foreign exchange crisis as the khadi and village industries do not use or use only very little electric power or oil.

Box -1: Gandhigram (Tamil Nadu) and Rural Industrialization

Gandhigram in Tamil Nadu is one of the unique experiments initiated by Dr. T.S. Soundaram and Dr. G. Ramachandran ardent disciples of Mahatma Gandhi. It was started in 1947. Today it is known as a conglomeration of small-scale and village industries. Gandhigram is promoting to rural industrialization through rural technology dissemination, and rural employment generation. It has been involved in a wide range of non-farm employment generation activities, stretching from production of khadi fabric, soaps, shampoo, food products etc to Siddha and Ayurvedic medicines to technology innovations such as bio-gas, smokeless chulhas, new methodologies for rural credit etc. Gandhigram conceptualizes rural industrialization as a strategy to serve rural transformation. Further the activities of Gandhigram serve the logic of upgrading artisans to either serve a niche market or adapt to emerging capitalist-industry milieu. The attempt is towards articulating systems which would be sustainable.

Gandhigram has received National Award as the best institution in Rural Industrialization from the Prime Minister of India in 2003. There was again an award from the President of India in 2005.

3.5 TYPES OF RURAL INDUSTRIES

On the basis of scale and primary function, there are four groups of industries which can be expanded or developed in the rural areas in Eighth plan:

1) Traditional Village Industries: It comprises of Khadi, leather tanning, wood work, artisan industries, cotton cloth, both handloom and power loom and fabrics, handicrafts, coir, sericulture and wool development, etc.

2) Heavy Industry: There is a growing demand and scope as shown in the latest Survey of Rural Consumer Expenditure on the item of heavy industries. These include: (a) fertilizer plants which will use bio-mass (b) pesticides using biological inputs, (c) Mini-steel plants, (d) ancillary engineering that can meet the demand or medium and large farms-like ploughs, threshers etc.

3) Medium Group Industries: (a) Mini-cement plant which can use molasses or coal as energy and can meet the rural construction works, (b) minor paper plant, etc.

4) Light Industries: (a) Animal feed and fodder industries, (b) the growing building and construction programme to meet the house demand of rural area, industries producing building materials like hinges, screens, doors and windows frames and roofing materials, (c) improved agricultural implements and machinery using the steel and iron produced in the rural areas.
In this session you read about the features of industry, now answer the questions given in Check Your Progress 2.

Check Your Progress

Note: a) Answer the following questions in about 50 words.

b) Check your answer with possible answers given at the end of the unit.

1) The core of rural industrialisation is said to be connectivity or linkage. How do you substantiate this statement?

2) List out the categories of rural industries followed in the Khadi & Village Industries Commission.

3.6 CHALLENGES OF RURAL INDUSTRIALIZATION

Some of the challenges of rural industrialization are as follows:

i) Multiplicity of Technology - The dualism in technology is posing a great challenge to rural industrialization. For example, on the first hand we have hands spinning and on the other hand, there is presence of power spinning, handloom and powerloom. This diversity is found in many rural industries such as food processing, construction, leather goods, carpentry, blacksmith, paper making, food preservation and processing. Therefore, reservation of certain areas exclusively for SSIs (Small scale Industries) is required and some protection mechanism issues such as quality standards, production capacities, price subsidy and so on- may be taken into consideration.

ii) Type and nature of employment - The nature of employment requirement varies from one type of rural industries to that of the other. They include self-employment, wage-employment, wage-cum self-employment etc. Therefore, while establishing rural industries, the pattern of employment has to be taken into consideration. According to a study conducted by Algappan shows that employment pattern in rural industries located in Keerapalayam panchayat concluded that wage cum self-employment pattern of wage payment proved to be effective.
Managerial and Entrepreneurial skills in Rural Entrepreneurs- There is a general lack of managerial and entrepreneurial skill in the rural industries. The entrepreneurial acumen among the decentralized industrialization unit is lacking because of lack of technical manpower at the grassroots. The village artisans and entrepreneurs need to be enlightened on various skills of management.

Access to credit- Access to institutional credit is always a problem for small entrepreneurs. Most of the rural industries are starved of financial resources. With the globalization there is a shift in credit system towards the urban entrepreneur and real estate market keeping the rural entrepreneurs in credit crunch.

Marketing infrastructure- Marketing of the products produced by the rural entrepreneurs is a big problem. As long as rural products do not enter the normal supply chain, their products cannot enjoy a good market. Therefore, rural industrialization would be a total fiasco sans sound rural marketing infrastructure. Chelloppan has urged the government to patronize the products produced by self-help mechanism and this would serve as a headache balm to give an eternal relief to rural enterprises.

Defining rural industries- Defining rural industries in the context of globalization is the need of the hour. The definition given for tiny industry in 1979 is not suitable for institutional village industries. Although total investments in these industries have risen, yet the per capita investment has not risen. T.S Papola favoured redefinition of small, medium, cottage and tiny industries.

Role clarity- The role of central and the state government must be clear with regards to the small scale and cottage industries. Under the Centrally sponsored scheme, the Central government take up certain industries like coir, sericulture, khadi and handicraft. However, the implementation part is left to the state government. In other words, Central government provided funds, fiscal concession and policy support to these industries, while the state government takes care of implementation. However, it is seen that state governments still consider it as duty of central government to promote it. As a result, there is confusion in role clarity between centre and state government.

These are a few important challenges of rural industrialization.

3.7 MEASURES TO PROMOTE RURAL INDUSTRIES

The growth of the small scale industries is encouraged by number of promotional measures provided by the government which include the following:

a) Market protection provided by the reservation of items for exclusive production in the small scale sector. Over the years there has been a significant increase in the list of reserved items and it stood at 847 at the end of December 1987.

b) Preference given to the small scale sector in government procurement. Under this programme more than 400 items have been reserved for exclusive
purchase from small scale sector while a limited number of items (13 in December 1987) are reserved for purchase up to 75 percent and a number of items (28 in December 1987) for purchase up to 50 percent.

c) Infrastructural support provided through industrial estates, District Industries Centres (DIC), Small Industries Service Institutes and other specialised institutes which provide technical assistance, testing facilities, etc.

d) Arrangements for supply of scarce raw materials.

e) Concessional finance by banks and other financial institutions.

f) Policy of promoting ancillarisation.

### 3.7.1 Formal Arrangements for Promotion of Rural Industrialization

There are several institutions of the government that support promotion of rural industrialization. The Ministry of Micro, Small and Medium Enterprises encompasses many such organisations. The notable among are: KVIC, National Small Industries Corporation Limited (NSIC), Coir Board and so on. Besides these, there are other organisations such as the Council for Advancement of People’s Action and Rural Technologies (CAPART), National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and commercial banks that support rural industrialization.

The Ministry Of Micro, Small and Medium Enterprises” (MSME for short) supports rural industrialization starting from ‘how to start / set up an enterprise to marketing assistance. The popular schemes of the MSME include the following:

- **Entrepreneurship/skill development**: This is one of the key elements for promotion of MSEs particularly the first generation entrepreneurs.

- **Technology Up-gradation**: MSME implements various schemes for MSEs to face the challenges of Globalisation, through technology up gradation.

- **Access to Credit**: Ensures better flow of credit to MSEs by minimizing the risk perception of financial institutions and banks through various schemes.

- **Cluster Development Programme**: For holistic development of selected MSEs clusters through value chain and supply chain management on co-operative basis.

- **Marketing Assistance**: Support to Micro, Small & Medium Enterprises through various programmes/schemes.

### 3.7.2 Khadi and Village Industries Commission (KVIC)

The objective of establishing the Khadi and Village Industries Commission (KVIC) was to provide financial and technical assistance to the implementing agencies whether they be the State KVI Boards, Registered Institutions, Cooperatives or individuals. KVIC usually supports village industries through KVIBs and some of the KVIC directly aided institutions recognised by the KVIC. Besides financial, technological and marketing support, KVIC also has training and research centres.
to offer assistance for rural industries. The popular schemes of the KVIC can be listed as follows:

- PMEGP – Prime Minister’s Employment Generation Programme
- PCBI – Schemes under Polymer and Chemical based industries
- MBI – Schemes under Mineral based Industries
- SFURTI – Scheme of Fund for Regeneration of Traditional Industries
- HMPF – Scheme for Handmade Paper and Fibre Industry
- REGP – Rural Employment Generation Programme
- PRODIP – Product Development, Design Intervention Promotion Package
- ISEC – Interest Subsidy Eligibility Certification
- Publicity – Support for conducting thematic seminars, school level competitions and debates.

**Box 4: Scheme of Assistance under REGP**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Industry/Activity</th>
<th>Products/Schemes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fruit and Vegetable Processing Industry</td>
<td>Manufacturing of Jam, Jelly, Pickles, Preserves/murabba, squashes, juices, marmalade, Synthetic fruit beverages, RTS beverages, sun-dried mango papad, kismis/resin, canned/tinned products, tomato puree, sauces, ketchup, petha, potato wafers/chips of potato/banana/jackfruit/tapioca, etc. different types of pickles like sweet pickles, mixed pickles, etc. bottled/canned fresh fruits/vegetables, Awla murabba, mushroom products, Cashewnut processing and its products, tamarind processing, tamarind paste manufacturing, etc.</td>
</tr>
<tr>
<td>2.</td>
<td>Milk Based Industry</td>
<td>Manufacturing of Ghee, Curd/Yogurt, Butter-milk, Milk sweets, Toned-milk, Cheese, Paneer, Ice-Cream, etc.</td>
</tr>
<tr>
<td>4.</td>
<td>Village Oil Industry</td>
<td>Various edible oils like Groundnut oil, Ginglee oil, Sunflower oil, Mustard Oil, Palm oil, Oil cake, Menthol, etc.</td>
</tr>
<tr>
<td>5.</td>
<td>Palm Gur Industry</td>
<td>Neera, Palm Candy/Palm Chocolate, Palm Sugar, Palm products like, Palm brush, Broom, Fancy articles, etc</td>
</tr>
</tbody>
</table>

### 3.7.3 National Small Industries Corporation Limited

The National Small Industries Corporation Limited (NSIC) was established in 1955, for facilitating small enterprises. It is involved in:

- Bank credit facilitation for small industries
The ‘Infomediary Service’ of the NSIC is something special that NSIC has initiated with the objective of being able to connect the rural entrepreneurs to global business if they exhibited the potential to stretch. Therefore, keeping in mind the information needs of small industries NSIC has launched “Infomediary Services”. A one-stop, one-window bouquet of aids that will provide information on business, technology and finance, and also exhibit the core competence of Indian SMEs in terms of price and quality-internationally, as well as domestically.

NSIC’s Infomediary Services use a professionally managed human resource (HR) base and modern technology for dissemination of vital information-websites, sector-specific newsletters (both print and electronic), and e-mails. Potential beneficiaries would be entrepreneurs-both existing and aspiring-R&D labs, SME seeking business collaboration and co-production opportunities, joint ventures, exporters and importers, and those looking for technology transfer.

3.7.4 Recent Initiatives of the Government for Rural Industrialization

In order to give a further boost to this sector, several policy initiatives have been taken by the Government of India, including a scheme of integrated infrastructural development, concessional rate of excise duty to non-registered units, quality certification scheme to acquire ISO 9000, raising project outlay from Rs.30 lakh to Rs.50 lakh in the single window scheme, and adequate and timely supply of credit as per the Nayak Committee (1992) recommendations. Besides the investment limits for small-scale industry (SSI) units has been increased from Rs.60 lakh to Rs.3 crore, for the tiny sector from Rs.5 lakh to Rs.25 lakh and the composite loan limit for SSI units from Rs.50,000 to Rs.2 lakhs.

In this session you read about the challenges of rural industrialization and measures to promote rural industrialization, now answer the questions given in Check Your Progress 3.

Check Your Progress 3

Note: a) Answer the following questions in about 50 words.
    b) Check your answer with possible answers given at the end of the unit.

1) What are the main problems that rural industries need to address in the Indian context?
3.8 LET US SUM UP

Rural industrialisation is significant given the shift taking place from rural to urban areas in search of wage employment in the cities. The non-remunerative nature of agriculture causes distress departure from agriculture. The Government of India assists the farmers to make agricultural farming viable and remunerative, while at the same time, it also has the strategy of taking out the excessive crowd in agriculture through promotion of rural industrialization. There are several institutions of the government that support rural industrialization in India from raw material sourcing to marketing assistance. In the era of globalization and free-market economy in India several of the rural industries also have their prime place especially in rural areas, and catering to the specific sections of urban consumers.

3.9 KEY WORDS

Non-farm : Pursuits other than agriculture / occupations one pursues outside agriculture.
Technology : New machines, equipment, and ways of doing things that are based on modern knowledge about science.
Subsidy : Money that is paid by a government or organisation to make prices lower, reduce the cost of producing goods etc.

3.10 REFERENCES AND SELECTED READINGS


NIRD (2003), Strategies for Rural Industrialization through Small and Medium Enterprises, Seminar collection (August 4 – 14, 2003), NIRD, Hyderabad.


3.11 CHECK YOUR PROGRESS- POSSIBLE ANSWERS

Check Your Progress 1

1) What is the meaning of the term Rural Industrialization?

The term rural used as prefix to industrialization is to indicate a need for
clear conditionality and connectivity between industrialization processes and a distinct section of society. Industrialization is a process of producing goods and services using certain specific inputs, technologies and manufacturing procedures. Rural industry, in the traditional sense, is construed as the economic activity characterised with features like ease of entry, reliance on indigenous sources, small scale operation, adopted technology and skills acquired outside the formal schooling system.

As the land available for expansion of agriculture becomes increasingly scarce, opportunities for non-farm employment through rural industrialization must expand, if deepening rural poverty is to be avoided.

2) What is the significance of Rural Industrialisation in India?

In most developing countries – including India – the rural labour force has been growing rapidly but employment opportunities have been dwindling. As the land available for expansion of agriculture becomes increasingly scarce, opportunities for non-farm employment must expand, if deepening rural poverty is to be avoided.

Check Your Progress 2

1) The core of rural industrialisation is said to be connectivity or linkage. How do you substantiate this statement?

‘Rural Industrialisation’ process highlights the linkage between rural social needs, technology choice, production and distribution processes, and control. This connectivity will have to go beyond mere products and markets. It has to encompass the inherent relationship between basic inputs, capital, skills, vocations, training, products, markets, services, infrastructure etc. while promoting the well-being of the rural community.

2) List out the categories of rural industries followed in the Khadi & Village Industries Commission.
   i) Mineral-based industries
   ii) Forest-based industries
   iii) Agro-based industries
   iv) Polymer and chemical based industries
   v) Engineering and non-conventional energy based industries
   vi) Textile industry other than khadi
   vii) Service industry

Check Your Progress 3

1) What are the main problems that rural industries need to address in the Indian context?

Two significant problems that rural industries have to overcome are: (i) addressing the problems of technology obsolescence; and (ii) marketing. India today is driven by market forces and competitive business enterprises run by the MNCs. The tiny, village and cottage industries also have to survive amidst the gigantic MNCs that have target and lure rural consumers as well. The challenge now is whether respect for native-products and local-sentiments would sell; or vigorously advertised MNC products would sell?