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PROBLEMS OF RURAL NON-FARM SECTOR IN TELANGANA

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ABSTRACT

The rural manufacturing is the most important industrial catégories in the non-farm sector, employment growth in it decelerated during the 90s. The employment rate in rural manufacturing activities has marginally increased in most of the states where the pace and pattern of rural industrialization widely varies. Obviously, agriculture productivity had positive impact on rural industrial activities. But the extent of the impact has been meager since it has a negative impact of agriculture modernization. In the face of non-availability of agricultural land, rural people are being forced to find alternative employment, and it has been observed that the level of rural industrialization is positively related with the level of urbanization, offering raw material (i.e., backward linkage), and creating demand for manufacturing products (i.e., forward linkages). The present study argues that problems and prospects in rural non-farm sector.

KEYWORDS: *rural industrialization, employment, urbanization, Industrial development*.

INTRODUCTION

Rural industries sector (in general, rural non – farm sector) is considered to be an important sector for income and employment generation of rural masses and it helps in achieving rural development as well as economic development for a developing country like India. Theoretical paradigm of development economics envisages that in the process of economic development manufacturing activities in rural households and small workshops are out competed by factory competition in the urban centres and consequently rural industrial sector is known as a residual sector. But, recent literature is trying to show that there is an increasing trend of informal sector employment and one way of its manifestation is occurring through rural industrialization. Rural development has emerged as a separate field of development economic during the last two decades in U.D.Cs., like India due to the non-applicability of percolation theory and persistent urban biased policies for economic development (Harris, 1982).

Rural development is often defined as agricultural development, but this does not include other potential aspects of the rural economy. Especially, the study on rural industries (Broadly the field of rural non-agricultural sector) becomes very important as these economic activities also are capable of generating employment for the rural masses as well as take care of development. There are quite a number of others who have come out with, studies that envisage the significant increasing trend of informal sector during post reform period since early 1990's (Papola, 2004; Marjit and Maiti, 2005). Growth of the informal sector might be manifested through rural industrialization. Historically, Industrial development of the West and of the East, present two different and contrasting pictures: one, the linearity model founded on the historical experience of the West, according to which, development implies a movement away from traditional subsistence production in rural areas, to modern industrial production in urban centres; and the other, the East Asian Experience, where growth potential of rural industries is shown to be considerably large, given the under utilization of the physical labour and the entrepreneurial ability of rural people. (Landes 1969; Mies, 1981).

IMPORTANCE OF THE STUDY

Industrialization is a considerably important goal in most countries. In India also it has been a key growth objective. Prosperity through industrialization has been a long-term strategy in India. Labour productivity is found to be the highest in the manufacturing industries and this has helped in raising the national income and the standards of living of people at a faster pace.

OBJECTIVES

1. To study the Socio-economic conditions of the households covered by Rural Non-farm sector in selected district.
2. To study the problems of Rural Non-farm sector in selected district.

METHODOLOGY

Data:-

In order to fulfill the above objectives, both primary and secondary data will be needed. A structured questionnaire will be prepared and administered to the sample industrialists and other concerned officials. In other words the primary data will be cross-section data.

Sample:-

Multistage sampling method has been used in order to arrive at the selection of Nizamabad district. We have the proportion of non-agricultural rural works to be a proxy for the extent of rural industrialization in that district or mandal. Among the reaming districts, a comparatively higher proportion of non-agricultural workers are found to be existing in Nizamabad district of Telangana Region. Within the above selected district, a mandal wise search of data for the same characteristic, namely largest proportion of workers in the non-agricultural activities was made and only data relating or totally rural mandal was examined. It was found that Armoor mandal had the largest proportion of non-agricultural workers. Problems and prospects of only registered manufacturing industries will be studied and household industries will be ignored. An attempt will be made to cover wide a variety of industries

RESULTS OF THE STUDY

Problems of Rural Non-farm sector:-

In order to analyse the problems that rural industries are facing, as stated earlier, primary data was collected and the variables on which information was collected are presented below

All the tables presented and analysed below have been found to portray statistically significant differences at 5% level. Tables – 1 to 4, relate to information on whether the sample respondents face any sort of a problem or do not face any problem.

Table 1: Age-Wise Respondents Answers with Regard to Problems Faced or Not

S. No	Age	Yes we face Problems	No we do not Have any Problems	Total
1	Young Entrepreneurs	27 (77.00) (33.75)	8 (23.00) (40.00)	35 (100) (35.00)
2	Middle Aged Entrepreneurs	19 (63.33) (23.75)	11(36.67) (55.00)	30 (100) (30.00)
3	Old Aged Entrepreneurs	34 (97.14) (42.50)	1 (2.86) (5.00)	35 (100) (35.00)
	Total	80 (80.00) (100)	20 (20.00) (100)	100 (100) (100)

Source: Compiled from the Primary date collected by us.

Table 2: Product-Wise Respondents Answers with Regard to Problems Faced or Not

S. No	Product	Yes we face Problems	No we do not have any Problems	*Total*
1	Bamboo Works	9 (90.00) (11.25)	1 (10.00) (5.00)	10 (100.00) (10.00)
2	Carpenter	6 (60.00) (7.50)	4 (40.00) (20.00)	10 (100.00) (10.00)
3	Cement Bricks	4 (100.00) (5.00)	0	4 (100.00) (4.00)
4	Cement Works	5 (100.00) (6.25)	0	5 (100.00) (5.00)
5	Engineering Works	10 (71.43) (12.50)	4 (28.57) (20.00)	14 (100.00) (14.00)

6	Food products	7 (100.00) (8.75)	0	7 (100.00) (7.00)
7	Ice	3 (50.00) (3.75)	3 (50.00) (15.00)	6 (100.00) (6.00)
8	Mud Works	7 (87.50) (8.75)	1 (12.50) (5.00)	8 (100.00) (8.00)
9	Oil Mill	3 (50.00) (3.75)	3 (50.00) (15.00)	6 (100.00) (6.00)
10	Rice mill	7 (63.60) (8.75)	4 (36.40) (20.00)	11 (100.00) (11.00)
11	Saw mill	10 (100.00) (12.50)	0	10 (100.00) (10.00)
12	Seed Processing	9 (100.00) (11.25)	0	9 (100.00) (9.00)
	Total	80 (80.00) (100.00)	20 (20.00) (100.00)	100 (100.00) (100.00)

Source: Compiled from the Primary date collected by us.

Table 3: Fuel Used to Run the Industry-Wise Respondents Answers with Regard to Problems Faced or Not

S. No	Industry Run by	Yes we face Problems	No we do not have Any Problems	Total
1	Electricity	51 (78.46) (63.75)	14 (21.54) (70.00)	65 (100.00)
2	Oil	2 (100.00) (2.50)	0	2(100.00)
3	Coal	27 (93.10) (33.75)	2 (6.90) (10.00)	29(100.00)
4	Manual	0	4(100.00) (20.00)	4(100.00)
Total		80 (80.00) (100.00)	20 (20.00) (100.00)	100(100.00) (100.00)

Source: Compiled from the Primary date collected by us.

Table 4: Organizational structure-wise respondents Answers with regard to problems faced or not

S. No	Organization	Yes we face Problems	No we do not have any Problems	Total
1	Sole Proprietary	37 (90.24) (46.25)	4 (9.76) (20.00)	41(100.00) (41.00)
2	Partnership	43 (72.88) (53.75)	16 (27.12) (80.00)	59(100.00) (59.00)
Total		80 (80.00) (100.00)	20 (20.00) (100.00)	100(100.00) (100.00)

Source: Compiled from the Primary date collected by us.

The tables indicate that sample respondents say that they are facing problems of one type or the other, while the remaining 20 say that they are not facing any problem. Table – 1 relates to age-wise distribution of respondents with regard to their response to whether they are facing any problems or not. The table indicates that among those who are facing problems, nearly 50% i.e., 34 belong to the Old Aged Entrepreneurs category, followed by Young Aged Entrepreneurs (27) in number and Middle Aged Entrepreneurs (19 in number).

Product-wise distribution of Respondents with regards to this aspect is presented in Table - 2, below. The table reveals that in the case of products like Cement Bricks, Food Products, Saw Mills and Seed processing, all the respondents feel that they are facing some problem or the other, while in the case of Carpenters, Engineering Works and Rice Mills; some say that they are facing problems while some others

say that they are not facing problems. This reveals that the product that is produced influences whether the entrepreneurs face problems or not and across products, this difference is statistically significant.

Another factor that influences weather people face problems or not is the fuel that they use to run their industries. For example Table – 3 indicates that all those who do not use an fuel or in other words those industries that are run manually do not entail facing of any problem, while a larger proportion of those using Electricity, Oil and Coal to run their industries are facing problems (51 out of 65, 2 out of two and 27 out of 29 respectively). These differences have also been found to be statistically significant.

Organizational structure too is another factor that influences whether the industry faces problems or not. Table – 4 reveals that a larger proportion of those who have sole proprietary structure face problems compared to those which are run under partnership and these differences are found to be statistically significant although the proportion of those facing problems under Partnership structure also is large enough and cannot be ignored.

Table 5: Income class-wise respondents' answers with Regard to the prospects of their respective industries

S. No	Income (in Rs)	No Response	No Prospects	Reasonably Good Prospects	Good Prospects	Total
1	12000-25000	1(6.25) (5.88)	11(68.75) (47.83)	4(25.00) (7.27)	0	16(100.00) (16.00)
2	25001-50000	7(24.14) (41.18)	5(17.24) (21.74)	17(58.62) (30.91)	0	29(100.00) (29.00)
3	50001-100000	4(15.39) (23.53)	4(15.39) (17.39)	15(57.69) (27.27)	3(11.53) (60.00)	26(100.00) (26.00)
4	100001-300000	2(9.09) (11.77)	3(13.64) (13.04)	17(77.27) (30.91)	0	22(100.00) (22.00)
5	>300000	3(42.86) (17.64)	0	2(28.57) (3.64)	2(28.57) (40.00)	7(100.00) (7.00)
Total		17(17.00) (100.00)	23(23.00) (100.00)	55(55.00) (100.00)	5(5.00) (100.00)	100(100.0) (100.00)

Source: Compiled from the Primary date collected by us.

Table -5 gives us an income class wise distribution of the sample respondents in this regard. Among those who said their industry had not future prospects, the first Income Class i.e., Rs.12000 to 25000/- formed a formidable group (11 out 16). The majority of those who thought that the prospects are Reasonably Good and Good belonged to the higher income classes. We thought that the Status of the industry in terms of weather it is a Growing one, a Stationary one or a Declining also may be a very important factor in determining the opinion of the owners about the Prospects of their activity.

Table 6: Industry status -wise respondents' answers with Regard to the prospects of their respective industries

S. No	Status	No Response	No prospects	Reasonably Good prospects	Good if suggested measures undertaken	Total
1	Growing	4(16.67) (23.53)	6(25.00) (26.09)	10(41.66) (18.18)	4(16.67) (80.00)	24(100.00) (24.00)
2	Stationary	5(10.64) (29.41)	8(17.02) (34.78)	34(72.34) (61.82)	0	47(100.00) (47.00)
	Declining	8(27.59) (47.06)	9(31.03) (39.13)	11(37.93) (20.00)	1(3.45) (20.00)	29(100.00) (29.00)
Total		17(17.00) (100.00)	23(23.00)	55(55.00) (100.00)	5(5.00) (100.00)	100(100.00) (100.00)

Source: Compiled from the Primary date collected by us.

Table – 6 depicts this, but it is surprising to see that even those who feel that their industry is growing feel that prospects for their units (6 out of 24), and only 4 of the 24 who feel that their units are on the Growing side also feel that the prospects are Good. The other extreme is that at least one of those who feel that their units are declining, contradictorily feels that his unit has Good prospects (1 out of 29), while as many as 11 out of the 29 feel that the prospects are Reasonably Good. Again we find that

among those who feel that their industries are Stationary, a majority is positive (34 out of 47) and they feel that their units have Reasonable Good prospects.

All though as we have seen, there are a number of complicated and inter twined problems that Rural Industries face, there is a positive ting too, especially in terms of the attitude of those who are running them.

SOME OBSERVATIONS

Majority of the entrepreneurs are illiterate, asset less poor with no specific occupational skill. Majority of the entrepreneurs in the study belong to young age group and were self-starters in their business/trade. Petty trade is the most preferred non-farm activity with majority of the entrepreneurs as they are unskilled to venture in to new business. Poor repay their loans and are willing to pay for higher interest rates than commercial banks provided that access to credit is provided.

CONCLUSIONS

Rural non – farm sector is considered to be an important sector for income and employment generation of rural masses and it helps in achieving rural development as well as economic development for a developing country like India. There is a serious and immediate need for improving the productivity of man and materials, thus reducing the cost and triggering demand, focus on sourcing and sourcing stream in terms of quality price and development of new value added products. This will position our country's goods in the international markets and help us to meet the development requirements of our developing country and also to continue to deal with the existing developed countries in meeting their requirements.

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