



SUMMARY AND CONCLUSION

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Agro based Industry referred to the subset of manufacturing that process raw materials obtained from agriculture and associated sectors such as animal husbandry, forestry and logging and intermediate products derived from other industries such as semi-processed hides and skins for manufacturing leather and leather products, edible oils for manufacturing hydrogenated oil. The agro-industry provided crucial farm- industry linkages which helps accelerate agricultural development by creating backward linkages (supply of credit, inputs, farm production enhancement services) and forward linkages (processing and marketing) adding value to the farmers produce, generates employment opportunities and increasing the farmer's income. Therefore, development of agro industries implied the development of agriculture on one hand and the entire set of industries. Thus the agro-industry was a distinct off shoot of forward linkage.

India has entered certain highly complex areas of industrial technology and even become an exporter of technology to other countries. However, the percentage of people dependent on agriculture has remained virtually the same since independence and employment opportunities, capital scarcity, falling industrial output created in the industrial sector have made much impact on the unemployment problem. The disappointing performance of Indian agro-based industry may be attributed partly to the pace of industrial growth which has not been fast enough and more importantly, to the fact that the growth rates of industrial employment, investment output and wages have seriously lagged. In this context it was imperative to look into the forces which influenced the rate of industrial growth specially agro-based industries in India during pre-and post liberalization period.

The objectives of the study are to :

- a. Examine the growth of number of factories.
- b. Trends in the overall growth indicators of the industries such as value added, fixed capital, employment and wages.
- c. Analyse the elasticities such as output, unemployment and wage.

The reference period chosen for the study covers both pre and post liberalization period. The pre liberalization period covers between 1976-77 and 1990-91 and post liberalization period between 1991-92 and 2005-06. The data for the current study is collected from secondary sources. They were collected from the following sources:

- (i) Annual Survey of Industries, various issues.
- (ii) Reserve Bank of India Bulletin – various issues.
- (iii) Economic Survey, various issues.
- (iv) Internet.

The statistical tools such as Augmented Dickey Fuller (ADF) test, exponential growth function, regression analysis, Indices, percentages, graphs and diagrams were used to analyse the data.

The results are summarized as follows:

- Details regarding the number of factories grown during pre and post liberalisation showed that significant growth rates were observed in the manufacture of food products, beverages and tobacco pre-liberalisation period and manufacture of textile products had grown significantly percent in the post-liberalisation period. All the growth rates recorded were positive except the manufacture of wood and wood products during post-liberalisation period.
- During pre-liberalisation period the growth of fixed capital, employment, net value added and wages over the beginning of the

period during pre-liberalisation period was more than 7 fold (7.87) 8 fold (8.34), one fold (1.12) and 6 fold (6.72) and 8 fold (8.34) respectively. On the other hand during post-liberalisation period it was 12 fold (12.35), 2 fold (2, 27), 5 fold (5.51) and ten fold (10.04) in the same variables respectively.

- The figures relating to average indices of the variables showed that it was 328, 371, 104, and 275 during pre-liberalisation period and 731, 464, 160 and 287 during post-liberalisation period respectively in the above mentioned variables.
- Employment elasticity with respect to net value added during pre-liberalisation was negative during pre and post liberalization period. The elasticity co-efficient in relation to fixed capital was positive in the post-liberalisation period. Insignificant co-efficient were observed in the manufacture of wood and wood products in pre-liberalisation period and in the manufacture of textile products and manufacture of paper and paper products in the post-liberalisation period.
- The industry-wise observation of output elasticities with respect to fixed capital revealed that in the pre-liberalisation period except the manufacture of leather and leather products all the other industries recorded negative co-efficient. In the post liberalization period the elasticity was small except in the manufacture of leather and leather products. Moreover the output elasticity with respect to employment for all the manufacturing industries was smaller than other industries.
- Wage elasticity with respect to labour productivity and net value added had shown that the influence of net value added was statistically significant in both pre and post liberalization period for all the manufacturing industries under study.

- With regard to labour productivity, 2 out of 5 industries and 4 out of 5 industries recorded significant contribution for wage to be elastic in the pre-liberalisation period and post liberalization period respectively.
- The co-efficient determination R^2 calculated for both the periods for all the industries in all the periods for different elasticities recorded more than 95 percent which explains the fact that the fit was good. The contribution of the independent variables over influencing dependent variable was high. Only negligible percent of change would be brought about by related variables.

Conclusion

All the selected industries have shown both positive and negative elasticities with respect to output, wage and employment. In these industries labour and capital acted as a substitute rather complement. So these industries should use capital and labour in such a proportion that more capital should generate more labour.