PREFACE

Industrialisation has a major role to play in the economic development of a developing economy. In a country like India where rural sector is predominant and agriculture is the major occupation of the people, industrialization should lay more stress on rural industrialization. In this context, rural industrialization in India calls for setting up of agro-processing industries which make use of locally available agricultural raw materials. Agro-processing industries provide a base for a pattern of socio-economic development that can contribute to an allround growth of the economy. They operate more as catalytic agents for rural development enhancing rural employment and incomes. In the light of the role of agro-processing industries in the economic development, the study of these industries assume much significance in a country like India.

This study entitled “Economic Analysis of Agro-Processing Industries in Kerala” is an investigation into the growth and pattern, performance, working, problems of agro-processing industries in Kerala and extent and forms of farm-industry linkages provided by these industries in the state. This study is organized into eight chapters and is based on primary data, secondary data and case studies. Researcher used various statistical techniques to analyse the data. These included percentages, averages, coefficient of correlation, regression etc.. Tabular and graphic analysis have been used wherever necessary.

In studying the growth and pattern of agro-processing industries in the state, researcher examined the position of agro-processing industries of Kerala in the manufacturing sector of the state, position of agro processing industries of the state in the agro-industrial sector of India in terms of agro-processing industrial units, employment, value of output, net value added and fixed capital. Researcher also analysed the structure and growth of agro-processing industries in the state. Features of agro-processing industries have been studied in terms of raw material intensity, working capital intensity and labour intensity.

In order to analyse the performance of agro-processing industries in the state, researcher analysed trends in the growth of gross value added,
capital stock, productivity (both partial and total factor productivities), capital intensity in agro-processing industries both at aggregate and disaggregated level of agro-processing industries for the entire period (1980/81 - 2000/01) and for sub periods (1980/81 – 1990/91 and 1991/92 – 2000/01). Researcher also examined the level of capacity utilisation and sources of growth in gross value added of agro-processing industries. Association among capital intensity, labour productivity, capital productivity and gross value added in agro-processing industries were also examined as part of the study of performance of these industries.

Working of agro-processing industries were analysed in terms of socio-economic characteristics of entrepreneurs, organization and management of units, motivation behind starting units, extent of working days, capital structure, source of finance, employment, output, cost structure, profitability, sources of raw materials, marketing, price fixation of products of agro-processing units etc.

Problems of agro-processing industries were studied in terms of problems relating to raw materials, financial problems, marketing problems and other problems faced by agro-processing industrial units.

This study analysed the extent of farm-industry linkages provided by agro-processing industries in the state. The forms of farm-industry linkages such as forward linkages and backward linkages created by agro-processing units were also examined in the study.

On the basis of the findings and conclusions of the study, researcher suggested a number of policy measures with particular reference to adequate capital to agro-processing units, improving competitiveness and viability of processing units, reduction of cost, regular supply of quality raw materials at relatively cheaper rate, marketing supports, technological upgradation, creating demand, encouraging agro-processing units to create farm-industry linkages etc.

This study would be of great help to the planners, policy makers and agro-processors to take appropriate decisions and can initiate further research in different aspects of agro-processing industries in the state.