



PROBLEMS OF AGRO BASED INDUSTRIES WITH SPECIAL REFERENCE OF EDIBLE OIL INDUSTRY IN RAJASTHAN

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ABSTRACT

KEYWORDS:
Indian economy, Agro based industries, sugar industry, edible oil

Indian economy is basically agrarian economy. Agriculture sector provides about 15 percent of India's national income, 22 percent of our GDP and about 58 percent of our labour force is employed in the agriculture sector (Ministry of finance (2015) "Economic survey 2014-2015", Union budget, Government of India).

Agro base industries are those industries which derive their raw material from agricultural products. Cotton textiles, edible oil, guar gum, sugar, food processing, industries extract their raw material from agriculture; these are therefore called agro based industries. Agro based industries depends on the raw material produced by the agricultural sector. Agro based industry is important from the point of view of contribution to industrial production, employment generation and poverty alleviation.

INTRODUCTION

Agro based industries provides livelihood, generate export-earnings, increase rural income. These industries are effective instrument for inclusive growth, economy growth and development. Agro based industries have been given high priority in India due to their significant potential for contributing to rural development and overall economic development. Economic planning and progress of the country largely depend on the agro based industry. Agro based industries are those industries which have either direct or indirect links with agriculture (Bhattacharya 1980). Cotton textile, edible oil, food processing, jute, sugar industry are the major agro based industries for the development process of rural India.

DISCUSSION

India is one of the largest producers of oil seeds in the world and this sector occupies an important position in the agricultural economy. In India production of 9 cultivated oil seeds was 27.51 million tones during the year 2014-15. Therefore, the study has selected edible oil industry and analyzed oil seeds and edible oil production, trends of oil seeds and oil production. Oil seeds and edible oil are two of the most sensitive essential commodities. A large variety of oil seeds are produced in India such as groundnut, mustard-rapeseed, sesame, soybean, sunflower seed, linseed and castor. These are the traditionally cultivated oilseeds. These are most common resources for oil production. India holds a significant share in world oil seed production. Ghani, factories and mills are the medium of vegetable oil production in village, towns and big cities respectively in India. Vegetable oil is an important item of Indian food as it is the major source of fat. India is the largest consumer of vegetable oil, extracting oil from oil seeds

is an age old village industry in India. India contributes about 6-7percent of the world oil seeds production, export of edible oils was 38317.56 tons in the year 2014-15 valued at 46040.37 lakhs. There is one major feature which has significantly contributed to the development of this sector. It was the setting up of the technology mission on oilseeds in 1986 which has been converted into a 'national mission on oilseeds and oil palm (NMOOP) in 2014' this gave a thrust to governments efforts for augmenting the production of oilseeds. This is evident by the very impressive increase in the production of oil seeds from about 11.3 million tons in 1986-87 to 20.68 million tones in 2014-15. In India in the year 2016, 508 was the registered vegetable oil industry. India vegetable oil economy is world's fourth largest after USA, china, brazil. In India total area, production and yield of the oilseeds 258.24 lakh hectares, 278.80 lakh tones and 1060 kg hectare respectively in 2014-15. In India production, consumption and import of edible oil are the 90.02 lakh tones, 227.00 lakh tones and 72.34 lakh tones respectively during of the year 2014-15. In India per capital consumption of edible oil in 2011 was 14.3 kg. Our per capita consumption is rising by 3 to 4 percent per annum. A wide range of oilseed crops are grown in different agro climatic regions of India. Rajasthan, Madhya Pradesh, Maharashtra, Gujrat are the major oilseeds producer states of India. Area, production and yield of oilseeds in Rajasthan are 46.51 lakh hectare, 55.30 lakh tones and 1189 kg hectare respectively in 2014-15. (*Indian edible oils demand & supply and outlook for 2017-2016 by Govindbhai G.patel- ggn research.*)

Among the oilseeds, groundnut which was the most important crop in 1998-99. In the country has lost its prime position to soyabean in 2008-09. Soyabean is largely grown

in mp, Maharashtra and Rajasthan, accounting for about 95 percent of total production in the country. The second most important oilseed crop is groundnut, which is grown mainly Gujarat, Andhra Pradesh, Tamilnadu, Rajasthan, Karnatka and Maharashtra. The third major oilseed crop rape and mustard is grown in Rajasthan, Uttar Pradesh, Haryana, Madhya Pradesh and Gujrat. India is the third largest R & M seed producer in the world, with 12 percent of world's total production grown domestically. The crop accounts nearly one-third of the oil produced in India, making it the country's second most important edible oil after ground nut. R&M seed mostly cultivated in 13 states of India. However, major production takes place in the states of Rajasthan (45%), Uttar Pradesh (13%) and Haryana (15%) (*Directorate of edible oil, department of food and distribution, Government of india*).

In India there are 15000 oil mills, they have 36.0 mm/t annual capacity. Monthly expenditure on edible oil in India, rural and urban area is 25.72 and 36.37 rs/capital respectively. Indian oilseed production and availability of edible oil in 2011-12 has reached 29.80 mnt and 7.34 mnt which were 25.18 mnt and 7.21mnt respectively in 2003-04. In India vegetable oil sector turnover and import export from oilseed sector was rs.1,25,000cr and rs.6500cr respectively in 2011-12. The demand for edible oil is directly proportional to the increase in population of the country, which per the census is increasing 3.2percent P.A. assuming average consumption of the oil per person as 20gm/day, the present demand/day is approx. 20600 mt with a yearly increase of 660 mt/day. In India production of edible oil in 2016-17 was 6.970million (mt). (*The central organization for oil industry and trade*).

Rajasthan is the largest state of India located in north-western India. Rajasthan constituting 10.4percent of total geographical area and 5.67percent of total population of India.(GOI,2011). It is principally an agrarian economy. About 65percent population of the state are dependent on agriculture and allied activities for their daily bread. Rajasthan is a suitable location for investment in agro-based industries, mainly because of the availability of natural resources. The state of Rajasthan plays a eminent role in oilseeds production in India. Among the oilseeds, R&M, sesamum, soyabean, groundnut are the major oilseeds crops of Rajasthan. The desert state Rajasthan which is country's second largest oilseed producer among the oilseeds rape and mustard seeds is the major oilseed crops produced in the state. The structural changes in Rajasthan agriculture has been in favour of more growing of oilseeds. The share of oilseeds has increased substantially during the last two decades which proves that the process of diversification of agriculture towards high valued crops is in right direction. (*Rajasthan vital agriculture statistics, directorate of agriculture Rajasthan, 2010-11*).

Rajasthan is the third largest oilseed producing state in India which share of 15percent of the total oilseed production in the country. Rape & mustard and groundnut are the two oilseeds crops raised in all the 33 districts in the state (*Directorate agriculture, Government of rajasthan, www.karshi.rajasthan.gov.in*) In Rajasthan oilseeds based industries are the livelihood of 37000 families. Oil mill units are mainly located in swaimodhopur, jaipur, tonk ,alwar and bharatpur districts. An estimated 700 number of units are manufacturing oil with an investment of rs. 1400 lack providing employment to 2-3 persons per unit. In Rajasthan there are around 1700oil mills in the state out of which 70percent have been closed down, in Rajasthan 183 oil mills have started

selling fortified oil in the state. Rajasthan has archived the distinction of the second state in the country after Gujarat to accomplish full voluntary fortification of edible oil. Fortification of edible oil to fight against vitamin A&D deficiency prevalent in the state especially among the rural population. Mahesh edible oil industry, ashoka oil industries, B.D. edible oils, shree hari industries and mustard oil mill tonk these are the famous industries of edible oil in Rajasthan. (*Annual survey of industry 2013-2014, Government of rajasthan (2012), Economic review 2011-2012, Directorate of economics and statistics, Government of rajasthan ,jaipur*)

According to a study by cuts on the R/m seed sector in Rajasthan found that 82 percent of rural consumers use the oil as their staple edible oil, with monthly consumption varying between 2 and 4 kg per family in the state. Monthly expenditure of edible oil in Rajasthan in rural and urban area is 21.93 and 31.17 rs/capita respectively. Due to high production of mustard in 2015-16 ,it import has been seen declining and traders almost stopped import of mustard oil, this could be the main reason that import of mustard oil was declined by 4percent in 2015-16 compared to FY 2014-15. In Rajasthan production of mustard oil in 2014-15 and 2015-16 were 303378 lakh tones and 290089 lakh tones respectively. (*Commodity revenue management: India's rapeseed/Mustard oil sector – International institute for sustainable development- N.C. Pahariya, Chandan Mukherejee, CUTS International(June2007)*)

PROBLEMS OF THE EDIBLE OIL INDUSTRY

- 1) **Low productivity of oil seeds: production of edible oil industry** is declined because not availability of high yielding seeds in the country.
- 2) **Changing in cropping pattern:** oil mills are facing the problem of changing cropping pattern. In Rajasthan farmers are diverting toward horticulture crops, where by oil industries are facing the problem of raw material.
- 3) **Problem of grading and good quality: customer does not like to buy oil produced in small mills** because small mill productions have not proper grading system.
- 4) **Low import duty:** government of India has withdrawn the import duty on edible oils and this has facilitated increases in import of cheap edible oil in India.
- 5) **Import of cheap oil:** import of cheap oil in India in comparison to available edible oils (mustard oil) has decreased the demand of mustard oil in the market, which is ultimately affecting the small and medium oil processing sectors.
- 6) **Deficiency of trained and technical skilled labour:** it is the main problem of oil industry. Although in Rajasthan government provides technical education and training, after that oil industry faces the problem of trained and skilled labour.
- 7) **Lack of advance technology: in Rajasthan edible oil industry** the production cost is very high and production level is very low because of limited use of advance technology. Thus, industries should adopt the advance technology.

- 8) **Government subsidy:** government does not provide subsidy of mill owners for purchasing of machinery.
- 9) **Supply of electricity:** in Rajasthan power supply is 30percent less than its demand. Therefore the industries do not get the proper power supply in working hours. So the production quantity becomes low.
- 10) **Lack of capital:** the buildings of oil mills are not well built because lack of capital. Small oil mill owners do not use borrowed capital and their own capital was also limited, so they do not stock the required oil seeds.
- (Economy of rajasthan: by Laxmi Narayan Nathuramka)**

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