

**A study on rural industries and its role in rural development in Kollidam block, Nagapattinam district, TamilNadu**

**A.V.R. Karthikeyan**

Ph.D. Scholar (Special Officer, Tamil Department)

**Dr. P. Balamurugan**

Associate Professor & Director

Center for Rural Development

Annamalai University

Annamalainagar - 608 002.

Tamil Nadu

Development of rural areas is a long term process to achieve National Development. The Government has launched a number of programmes, viz., from Community development Programme in 1952 to National Rural Employment Guarantee Scheme in 2015 (MGNREGP). At present such development chiefly need an organization / group for the beneficiaries / villagers, in order to generate their income, through an establishment of some micro level enterprises. Earlier studies have found that marketing in rural areas stimulating the development process of rural upliftment through its social functions of management, consumption and job avenues for villagers being social solidarity, creation of village infrastructures. The present study focuses on rural business firm which is a unit for buying and selling the goods and services between sellers and buyers in villages. According to an expert in Rural Development, a concept of rural business is an economic activity concerned with rural people for selling their products and buying the needed goods and services. Rural business has certain characteristics. They are (i) rural consumers (ii) products of various kinds (iii) traditional business (iv) non-formal management (v) illiterate businessmen (vi) absence of wage labour (vii) periodical markets and (viii) seasonal availability of products. Rural business centres have some practical problems such as lack of information on prices, old stocks and struggles between villagers. In order to promote such units and develop a plan for the effective functioning of these rural business units, an attempt has been made to understand the present status and development of the business units and explain their features towards ensuring the pave way for social and economic development of rural masses. These village level business units are familiar in the central villages (located on the National Highways), which are useful to the residents in and around the village. Under this circumstance, an attempt has been made to study and assess the existing business activities in the central village of Puthur. It also proposes a plan for the development and welfare of businessmen in the village and their consumers.

## **1. CONCEPTUALISATION**

Rural development is not a new phenomenon in developing countries like India, Srilanka, Pakistan, Nepal, the African countries etc. Similarly, rural development is a continuous process in our country since pre-independence period of Mahatma Gandhi and Rabindranath Tagore. Work on rural development was a pioneer one. After that both the Government and NGOs have played a very vital role in restructuring the development of rural community.

Before this, it is necessary to explain the concept of rural development. According to World Bank Report (1971), rural development is a strategy designed to improve the economic and social life of a specific group of people viz., the rural poor. It involves extending the benefits of development to the poorest among those who seek a livelihood in the rural area<sup>1</sup>. The definition of rural development by the former Union Finance Minister C. Subramaniyan was stated as a process of systematic and scientific use of this process enabling every person to engage himself in a productive and socially useful occupation and earn an income that would meet at least the basic needs<sup>2</sup>. This emphasis is on the proper conservation

of natural resources which leads to full employment opportunities to rural poor. The main aim of rural development process is to promote the living standard of rural poor by imparting skills, improving rural women, and developing, conserving and properly utilizing of natural resources. Many strategies and approaches have been introduced by the Government in order to strengthen the development of rural area.

The Government has introduced a number of programmes for the integrated development of agriculture, animal husbandry, rural health, rural education, rural land and water resources, rural organizations, rural disadvantaged groups (rural women, SC/ST, tribal and old age persons and physically challenged people). All these programmes and schemes have brought out the fruits of success to the rural poor towards their socio – economic development. Several rural development organizations and research institutions have been established to educate and motivate the rural development professionals and imparting the skills to the rural poor. They are National Level Institute of Rural Development (NIRD), State level Institutes (SIRDs), etc. There is also international and national level voluntary agencies functioning for funding and developing skills of the rural development professionals. NGOs have wide experiences in implementation, monitoring and evaluation of various projects towards both betterment of rural area and rural poor, by the way of people's participation and their cooperation.

Earlier studies have found that marketing in rural areas stimulating the development process of rural upliftment through its social functions of management, consumption and job avenues for villagers being social solidarity, creation of village infrastructures.

The present study focuses on rural business firm which is an unit for buying and selling the goods and services between sellers and buyers in villages. According to an expert in Rural Development, a concept of rural business is an economic activity concerned with rural people for selling their products and buying the needed goods and services. Rural business has certain characteristics. They are (i) rural consumers (ii) products of various kinds (iii) traditional business (iv) non-formal management (v) illiterate businessmen (vi) absence of wage labour (vii) periodical markets and (viii) seasonal availability of products. Rural business centres have some practical problems such as lack of information on prices, old stocks and struggles between villagers.

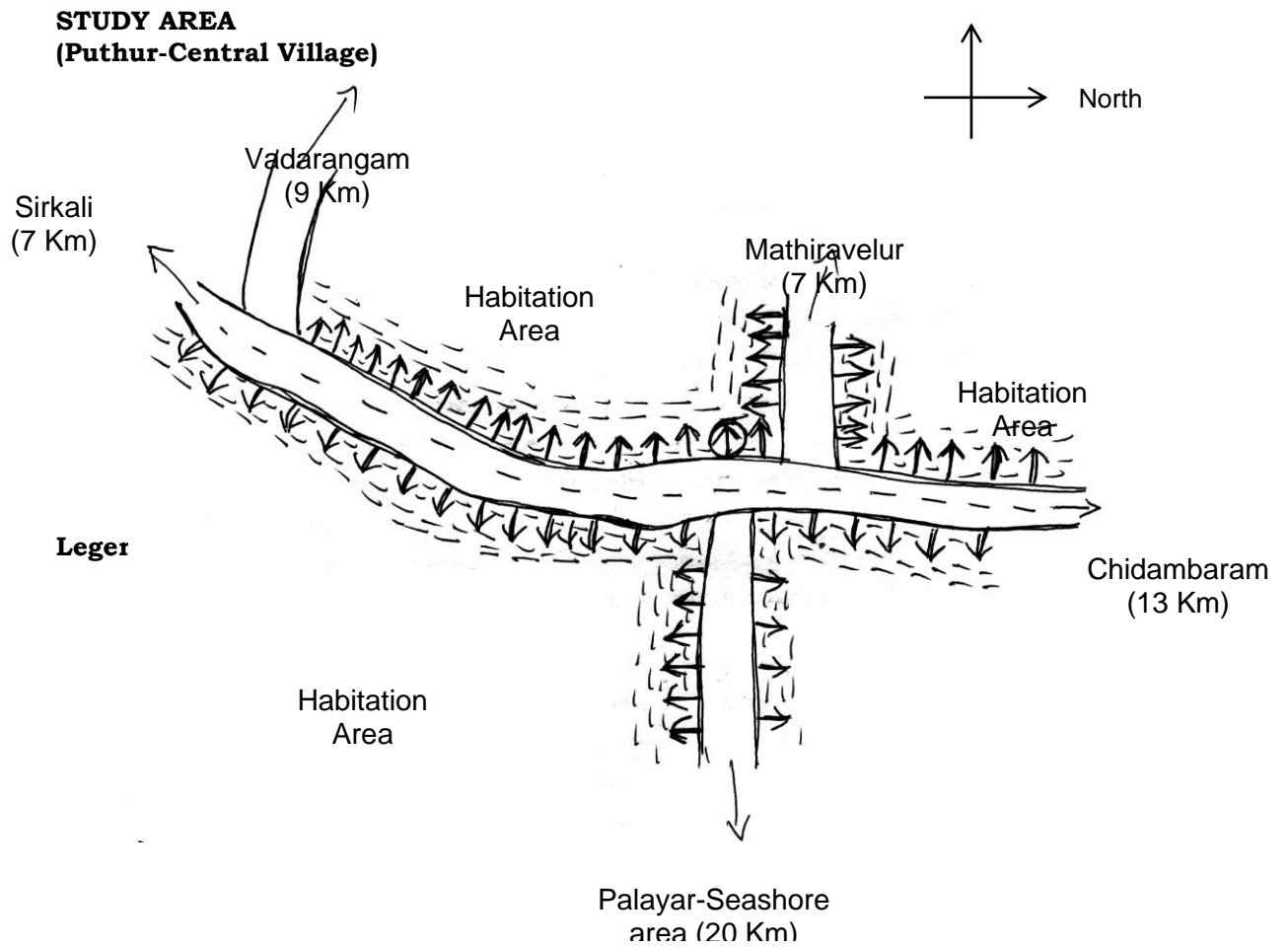
In order to promote such units and develop a plan for the effective functioning of these rural business units, an attempt has been made to understand the present status and development of the business units and explain their features towards ensuring the pave way for social and economic development of rural masses.

## **2. OBJECTIVES**

- 2.1. To study the type and nature of the existing business units in the study area
- 2.2. To find out the present status of business units
- 2.3. To measure the role of rural business units and their contribution towards rural development
- 2.4. To develop an action plan for the effective functioning of such units for sustainable rural development.

## **3. METHODOLOGY AND STUDY AREA**

For the present study, both primary and secondary data have been collected. The study has been conducted in the central village Puthur. It is located on the main road between Chidambaram and Sirkali, with a distance of 13 km and 7 km respectively (fig.1). The village belongs to Kollidam block of Nagapattinam District extending into the coastal area.



	Central village on the national Main road highway
	Business units
	Approach roads to nearing and neighbouring villages
	Nationalised Bank

Fig - 1

Agriculture and fish culture are the major activities. The village has 1800 population of which 920 are males and 880 females. Muslims, Hindus and Christians live together. Punjab National Bank and the Karur Vysya Bank are the major banks and there is a Government Polytechnic. In this area, 31 business activities engaged by 93 entrepreneurs are both traditional and modern. For the purpose of analyses, the researcher has obtained some information from the entrepreneurs pertaining to study, such as average investment and selling value average profit, employment opportunity to rural people, and consumers per day.

#### 4. RURAL BUSINESS ACTIVITIES

The major business units are grouped into three facets as detailed below. The units which are available in the central place Puthur are marked (✓) against each unit.

**Table- 1**

**Major Business Units in the central Village-Puthur**

4.1	<b>Agriculture</b>	Whether available in the study area or not
1.1	Fertilizer and pesticide shops	✓
1.2	Seed centres	✓
1.3	Paddy procuring centres	✓
1.4	Gunny bag selling	✓
1.5	Fishnet and aqua farm centres	✓
1.6	Prawn culture	✓
1.7	Fish feeding centres	✓
1.8	Weekly markets for live stocks	✓
<b>4.2</b>	<b>Food and Nutrition</b>	
2.1	Sweet stalls	✓
2.2	Vegetable shops	✓
2.3	Mutton and chicken stalls	✓
2.4	Bakery stall	×
2.5	Fruit stall	×
2.6	Night tiffin centres	✓
2.7	Papadam and snacks	✓
2.8	Tea shop	✓
2.9	Cool drinks	✓
2.10	Milk booths	✓
2.11	Potato and tapioca chips	×
2.12	Soup shops	✓
<b>4.3</b>	<b>Rural industries and service</b>	
3.1	Tractor workshop	×
3.2	Repairing of various farm engines	×
3.3	Motor rewinding	×
3.4	Two wheeler service center	✓
3.5	Tailoring center	✓
3.6	Laundry shop	✓
3.7	Hair dressing shop	✓
3.8	Beauty parlour	✓
3.9	Cycle shops	✓
3.10	Textile cut piece and readymade shops	✓
3.11	Firewood and charcoal shops	✓
3.12	Photo studio	✓
3.13	Blacksmith workshop	×
3.14	Ice company	✓
3.15	Soda company	✓
3.16	Communication (Telephone booths) facilities	✓

To be continued

3.17	Medical shops	✓
3.18	Petty shops	✓
3.19	Printing press	✓
3.20	Computer and Xerox centres	✓
3.21	Artists / Painters	✓
3.22	Radio and video repairing shops	✓
3.23	Minibus service	✓
3.24	Mini lorry services	✓
3.25	Coconut shops	✓
3.26	Coconut coir, bamboo and coconut leaves sellers	✓
3.27	Grocery shops	✓
3.28	Egg shops	×
3.29	Inland fishing, gardening and nurseries	✓
3.30	Marriage halls	✓
3.31	Public address system	✓
3.32	Internal decorations	×
3.33	Lemon sellers	×
3.34	Touring talkies	✓
3.35	Cement works	✓
3.36	Fancy and covering	×
3.37	Foot wear	✓
3.38	Wine shops	✓
3.39	Toys making	✓
3.40	Bee keeping	✓
3.41	Banks	✓
3.42	Cooperatives	✓

Source: Computed

## 5. ANALYSES AND DISCUSSION

All the business activities mentioned in the previous proceedings are the existing income generating activities as common to all central villages. In the study village Puthur, the nature and various features of rural business firms are concentrated and discussed as follows:

### 5.1. Agriculture Oriented Business Activities

In order to supply fertilizer, pesticides and other inputs to the farmers of the central village Puthur and its surroundings, there are 3 fertilizer and pesticide shops available. The average investment of these shops is 40000/- and the average amount of sale per month is Rs.52000/-. The average net profit is Rs. 12000/- month. The profit ratio varies from one shop to another. A farm implements centre is available for the purpose of providing farm implements on hire, such as cultivators, ploughing wheels for tractor, pesticide sprayers etc.

**Table - 2. Agriculture oriented business activities of the Central village-**

Name of the shop	Total in No.	Average investment / annum (Rs.)	Average amount selling* (Rs.) (Per day)	Average profit (Rs)	Employment opportunities for others	Average consumers per day/ per unit
Fertilizer and pesticide shops	3	4000	52000	12000	3	9-12
Farm implement center	1	25000	2500	NA	4	4-8

Source: Computed \* The selling value is calculated for agriculture season only.

The investment of the farm implements centre is Rs.25000 as well as the selling amount is also Rs.25000/- and 4 persons work as wage labourers excluding its proprietor. The average customers of these business activities are vary from one shop to another shop, viz., 9-12 persons for the fertilizer and pesticide shops and 4-8 beneficiaries at the farm implements centre.

## 5.2 Rural Engineering and Industrial Oriented Business Activities

To provide the engineering and rural industrial oriented products and services to the people, there are available 3 rice mills, 4 flour mills, 2 electrical shops, 4 two wheeler workshops and one hardware shop available.

**Table 3. Rural Engineering and Industrial Oriented Business Activities**

(Rs. Lakh)

Name of the business	Total in No.	Investment * in Rs.	Net sales value per month in Rs.	Total persons working	Average customer per day / per unit
Rice mills	3	3.0	0.12	9	20-30
Flour mills	5	1.5	0.08	5	15-25
Electrical shops	2	0.65	0.09	2	8-10
Two wheeler shops	4	0.2	0.05	12	5-10
Hardware shop	1	0.75	0.07	2	10-15
Total	15	-	-	30	-

Source: Computed. \* Investment per unit.

Totally 15 rural engineering oriented business activities function involving 30 persons as wage labourers who are from the neighboring villages of the central village. The average daily customer per unit is 5 to 30.

## 5.3. Other Business Activities

In the village, 76 other business activities of 24 varieties are available that consist of grocery shops, tea stalls, vegetable shops, fancy shops, etc. Table 4.3 clearly indicates the various other business activities undertaken in the central village. There is a certain difference in investment of each business unit as per the nature of business, average daily customers and total persons working for every shop.

**Table 4.3. Various Other Business Activities Engaged in the Central Village-Puthur**

S. No.	Name of the shop	Total in No.	Average investment for per shop in Rs.	Total person working	Average daily customers
1.	Grocery shops	8 (10.52)	25000	11(16.17)	160 (20.50)
2.	Tea stalls	5 (6.57)	2000	04 (5.88)	90 (11.53)
3.	Petty shops	4 (5.26)	1500	NA	30 (3.84)
4.	Vegetables	5 (6.57)	2000	3 (4.41)	35 (4.48)
5.	Fancy shops	2 (2.63)	1500	4 (4.88)	25 (3.20)
6.	Barbary shops	4 (5.26)	2000	3 (4.41)	25 (3.20)
7.	Washing & Drycleaners	2 (2.63)	2000	NA	15 (1.92)
8.	Mutton & chicken stalls	7 (9.21)	3000	4 (5.88)	30(3.84)
9.	Small hotels	4 (5.26)	4000	12(17-64)	80(10.25)
10.	Tailoring shops	4 (5.26)	4000	8(11.76)	10(1.28)
11.	Cool drinks (seasonal)	2 (2.63)	3000	NA	20(2.56)
12.	Telephone booths	6 (7.89)	4000	3(4.41)	30(2.84)
13.	Audio & Video	2 (2.63)	5000	4(5.88)	25(3.20)
14.	Photo studio	2 (2.63)	3000	3(4.41)	5(0.64)
15.	Fish stalls	3 (3.94)	1000	NA	25(3.20)
16.	Firewood & charcoal	2 (2.63)	15000	4(5.88)	10(1.28)
17.	Milk booths	2 (2.63)	NA	NA	20(2.56)
18.	Finance by jewels and vessels	5 (6.57)	NA	NA	25(3.20)
19.	Flower vendors	3 (3.94)	NA	NA	20(2.56)

20.	Bicycle shop for hire	3 (3.94)	2000	3(4.41)	25(3.20)
21.	Wine shops	02 (1.31)	NA	2(2.94)	50(6.41)
22.	Medical shops	2 (2.63)	NA	02(2.94)	20(2.56)
23.	Sweet stalls	3 (3.94)	NA	02(2.94)	25(3.20)
24.	Small textile shops	1 (1.31)	NA	NA	25(3.20)
	Total	76 (100)	-	68(100)	780(100)

Source: Computed Note: Figures in parentheses represent the percentage.

In these business activities 68 persons from the near and neighboring villages have got employment opportunities and 780 rural people in number are the daily customers. It is also understood that in the central village of Puthur, grocery shops dominate in number (10.52%) followed by mutton and chicken stalls (9.21%) and telephone booths (7.89%) because, the consumers from the central village and nearby villages come in large scale to purchase grocery goods (20.50%). The consumers from Muslim and Christian communities are so much high in total that has resulted in more telephone booths and mutton & chicken stalls.

As far as the small hotel business units are concerned, they dominate in providing job opportunities to the villagers (17.64%). Followed by grocery shops (16.17%). The tailoring shops also give some job opportunities to rural youth (11.76%). Regarding the average daily customers of these business units, majority customers own grocery shops (20.50%), in the first position and tea stalls (11.53%) and small hotels (19.25%) take the second and third positions respectively. From this, it is found that the majority of the consumers are of grocery shops followed by the tea stalls and small hotels. The main reason for this circumstance is that the study area puthur as a central village for the certain villages in and around, within a distance of 6 KM. It is noted that majority consumers are for grocery shops as well as majority job opportunity available from these shops.

## **6. FINDINGS AND SUGGESTION**

### **6.1. Major Findings**

The major findings are as follows:

- 6.1.1 Agriculture oriented industries is less, because it needs large investments and pucca buildings.
- 6.1.2 The performance of rural engineering and industrial oriented business activities is good.
- 6.1.3 The business men concentrate on some other business activities more than agricultural and industrial activities.
- 6.1.4 The business units in these central villages generate direct employment for 108 persons and indirect employment for 300 persons.
- 6.1.5 Nearly 30% of business operators are seasonal in character.
- 6.1.6 Few business operators are from neighboring villages and nearest towns.
- 6.1.7 The pawnbroker shops are 5 in total and their owners' residences available at the nearest town.

### **6.2. Suggestions**

- 6.2.1 The association of villagers with the businessmen will certainly strengthen the livelihood of them.
- 6.2.2 The educated rural youth should be provided more opportunity to establish an enterprise for income generation.
- 6.2.3 Government should come forward to extend new facilities of storage, to promote such business centers for the betterment of rural neighborhood.
- 6.2.4 A village information center will cater information related to various business activities.
- 6.2.5 Establishment of consumers protection cell will create a better relationship among the businessmen and customers.

### **6.3. Action plan for effective functioning of existing business activities**

- i. The main aim of the plan is to develop and enlarge the business activities in the village.
- ii. Organising all business holders and establishing a forum for the welfare of them.
- iii. Organisation pattern
- iv. Every month, the executive members of the forum will meet to discuss their problems.
- v. The functions of the forum are to act as a bridge between businessmen and customers and also to solve the disputes among businessmen.

### **7. CONCLUSION**

The central village is the business center to the nearby and neighboring villages, which are engaged in various types of business activities. It enables the residents of the village to utilize the service as well as purchase the necessities. The study concludes that the business units in the central village generate income and employment opportunities to the rural masses that lead to rural development. It also finally suggests that the Government may look for new entrepreneurs in the villages and encourage them to establish new business ventures within their villages, with the help of modernized business techniques. It will promote the educated un-employed in villages to have better job opportunities in future. As far as, the villagers the members of SHGs, members of VVV clubs should come forward to establish new business/productive units (as their own choice as well as marketing and productive feasible ventures) that will provide a golden opportunity to them, to promote their social and economic status and rejuvenate the rural economy of our country.

### **8. NOTES AND REFERENCES**

1. Robert Chambers, *Rural Development-Putting the Last First*. Longman Groups, New York, 1994.
2. The basic unit of central place is a settlement, it would be a village, or city or town. The main function of the central village is to provide goods and services to the surrounding tributary area. The term central place is used because it has to perform such a function efficiently and a settlement should be located at the centre of minimum aggregate travel this tributary i. e central to the maximum profit area it can command. The goods and services provided by the central village are known as central goods and services. These functions are available only in a few places but are availed of by a number of other settlements. (For further reading please refer to reference No – 5).
3. Dasgupta, Rural Development Programmes –Concepts and *Approaches*, *Kurutshetra*, XXX, Aug.2000
4. Abdul. L. Thaha and Mumtaj Thaha, *A manual on Integrated Rural Development*, SahadaManzil Uliyacovil, Quilon, 2011.
5. Manishkumar Thakur, Discourse on Rural Development: A Sociological Appraisal, *Journal of Rural Development* (July 2015).

\*\*\*\*\*