RESEARCH ARTICLE

SMALL-SCALE INDUSTRIES AS FOCUS ON RURAL DEVELOPMENT

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ABSTRACT

Small-scale industries account for a variable for economic development in a most number of countries in the world, in particular those which are developing and termed as 'DCS'. Small-scale industries share to play considerable role in the employment of man power and productivity. They also play drastic roles in constituting investment and provoke the investments. As a result they influence the equal or otherwise distribution of incomes across the regions through increased profits. Small-scale industries are necessarily termed as "rural developing motors."

Questions:
Based on a certain number of surveys accomplished until now, we find that one prime approach to remedy our national rural areas is to develop small scale industries. The present study seeks to demonstrate the fact that what this development of rural regions matter and answer the question what type of industries or handicrafts should be established in villages to enhance the employment there in an attempt to raise the incomes and earnings of country people. In other words, what investment should be made on different types of industry in villages to step up their employment by maximizing the added values.

INTRODUCTION

We drew the conclusion by considering the different dimensions of communities that the trend of immigration from villages to cities or towns by rural people stands as a very critical problem in our society. What caused it is the structural insufficiencies and inefficiencies of rural division such that it could not create basically essential changes in its socio-economic structure and solve the fundamental problems of Iranian rural people. This aggravated more critically the trend of immigration. Following are the various factors that have provided this critically extensive immigration:

1. Increased rural population
2. Unemployment of rural people
3. Decreased inputs of country people's income
4. Labor and work force as always supplied in rural areas

Accordingly, given the limited role played by agricultural functions in national economy, what solution that seems more rational is to create and develop rural large-scale industries in an aim to curb immigration and dependencies. These small-scale industries that need no large sophisticated equipment are those that:

1. Increase rural employment
2. Increase the earnings of country people
3. Alleviate the dependencies
4. Consequently cause to develop agriculture (cultivation & farming)

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This survey has been designed to obtain a model to provide good plans for rural development by developing rural small-scale industries.

Theoretical study

What caused the third world nations to tend to be industrialized account for better standards of living in the developed world, better tastes of colonization and dependency, fluctuated costs of exported raw material and etc. This provoked the nations in the third world to think the only remedy for them to be industrialization. Rhis was also overemphasized by scientists like Mirdale and leaders like Nehrou of India. In conclusion, the special strategy that these nations selected for their industrial development was to promote their producing industries with western characteristics in the forms of large plants for technological machinery as modeled by the west. This adopted strategy, however, brought about difficulties the first consequence of which was a concentrated industrialization, urbanization, disorganized and disable agricultural sector and privatization of rural people and families in large scales such that they moved to cities to find false occupations fror them (Aafshari, 1979). Thus , this model of industrial development created the problem of immigration rather than a solution. As a consequence, the agriculture lost its magnitude n and the third world nations depended more than ever on industrialized countries.

Review the scientists' worldview

George Gorwich holds the view that immigration is caused more by7 an increased population and its presume. ARRAN states that the growth of technology in agricultural sector

causes only a few numbers of people to work on this sector and the rest addresses the industry. Contander considers the immigration to be caused by industrial development. If we review the views held by the scientist, we can oversee this phenomenon from two perspectives:

1. Aome sociologists such as Durkheim, Henry, Mendras, Ziba, Stowformally, Bell and etc. believe that an immigration is accounted for by social transformations of a society.
2. There are some categories of scientists who have examined into the immigration from economic point of view and noted that the economic policies account for immigration. As a result, an immigration phenomenon stands as a probem from theoretical point of view.

Reviewing Economic causes of Immigration

Based on all what was investigated, it was realized that lower incomes earned rural people than those of urban people are caused by their increased vital needs, unorganized status of agriculture, surplus manpower in villages and problems of immigrations. All these problems affected the expansion of national economy. The results gained from the remarks expressed by the scientists are: Michael Tudaro considers immigration as an economic phenomenon and says: "immigration is more a response or reaction to an expected varied income than that of real that is gained by urban people". Louis model is a new urban industrial sector that has a higher output. The more the industial investors the more the rate of transmission. The higher rate of supplied and employment in the cities caused the immigration the result of which can be found in a western form of development model.

*   Maltus and Phillips proved that the transference of work force from agricultural sector to industrial one is made.
*   Julie advised that economic policies depend on liberated work-force and immigration process.
*   Other pieces of advice are the fact that the rate of immigration from village to city is higher than that of established urban jobs and to a large extent surpassed the capacities of industries and urban social services for the effective winning of workers.
*   As a result, the classic strategies of industrial development and the growth of urban centers have created a major imbalance in economic-geographic opportunities and considerably expedited this immigration. It is, therefore, necessary to find another model to establish a good economic equilibrium between city and village. It is a model of endogonic industrialization that induces the promotion of productivity that all people in rural areas may enjoy. (Farjadi 1987).

This model enables people to stand on their own feet and remove all their structural inefficiencies, otherwise, the rural unemployed workers will overflow these regions. This really accounts for a vital need to expand rural industries and handicrafts because the grown population of villages need this development if their immigration to cities is to be halved otherwise this movement shall be carried on.

Employment in Rural areas

According to kins, in less developed countries, there is a kind of unemployment called that of structural the best model or pattern of which is the same latent unemployment. Access to a complete employment in the already – mentioned economies require that this latent unemployment should be wiped away. (Azadeh, 1995). In accordance with surveys conducted in rural areas, the 3rd world nations of relatively backwarded facing critical problem of unemployment of work insufficiency, out of three people who the mark to find fob, only one is assimilated to agricultural sector and two of them is to be engaged in industries and technologies. Since large-scale investment industries in large urban centers can absorb a few rates of manpower and on the other hand, agriculture itself is unable to supply even the employment of rural pro-active population, industrialization policies as vehicles to provide none-agricultural employment in rural regions have been formulated and implemented.

As a result, it is necessary for 3rd world countries to entrust a large portion of development efforts immediately to develop an industrial –agricultural structure in rural regions. It is here to emphasize that the basic need is to provide employment opportunities for unemployed individuals. According to Mr.Gabriel Erdent "Employment deliberately precedes perfectionism." An unemployed individual is a desponded or disappointed one who is intentional provoked to immigrate (Isfahani, 1985). As a result, the employment opportunities must provided in areas where the native or vernacular people already live rather than in cities where the people usually tend to move. These opportunities must be so inexpensive enough on an average scale as they may be able to develop in larger numbers. What is more, the production methods must be relatively simple. In Iran, greater majority of industries are distributed and dispersed in counties or the surrounding regions and as a consequence a higher percent of rural people has been drawn to it. To curb any other large cities from being developed, population congestion and social problems disturbances, it is necessary for the villages to convert into work environment. In this way, technology can play an extra-ordinary role. Creation of small-scale and appropriate industries in rural areas will place an impression on rural employment and economy.

The results of literature Reviews

*   A solution to the problem of rural industrial planning seems to be a vehicle to provide employment in rural regions and also appears to be a good solution to the evolution of rural economy. So, the development of rural industry is a must (manufacturing Campaign institution, 1985).
*   The type of industry developed in villages is that of small-scale.
*   To increase the rates of employment and revenue in a village, the raw material must be a function of agriculture.
*   It enjoys a simple technique. The most types of industry are labor-intensive.
*   Rural small-scale industry is a substantial link that links agriculture to industry.

Studying production functions

To obtain a production model, first we deal with the models, examine into Hardwood Dumairs Model and finally conclude that this model will not suit to the purposes of developing countries but it is used only in developed countries that employ investment technology (Arsalla, 1987). And in the interim we dealt with the weaknesses of this model raised by the economists. The investigation of a model offered by Made showed that not only labour and investment but also the elements of time and earth have employed the technologies. Because we rely in our theory on an increased employment, we dislike to award the first role to rural handicrafts and as this function has attached importance to the investment, it is not desired by our study. One more theorist in this enterprise is Caldore who objects to the formula invented by Harod Dumar. According to him, it is possible for the capitals and workforce to be employed interchangeably because there is an appropriate rate of increase in the investment, product and workforce potentiality. Last but not least, when several technologies are to be examined into at the same time, we can use the inpute/output table invented by Leonefiff to manke productive planning for different industries in economy.

The findings of production function for statistical consideration. Subject to the examination of GAPP-Douglas model, small-scale industries were chosen for statistical examination because:

(1) This is an economic function and is analyzed in economic analyses.
(2) The most widely-applied function is that of production.
(3) It has many properties. KAAB-Douglas function is used to identify the relation between the level of production and elements of it.
(4) It has the same properties of linear functions and is of ist degree as well.
(5) We can obtain profitability, capitals and capital-intensive labour for the industry.
(6) The important thing that we think of is that of how to replace production factors for other ones; that is to say, can we replace labour for a capital? Can we, thus, do this in villages where work is everywhere to be seen?

The results that we can get from this discussion is to ensure that how many of any of production factors can we synthesize to procure a determined level of products or how to make a small-scale industry function and obtain its model by using the said function processing the data of small-scale industries and finding function coefficients ($\alpha+\beta$).

We can also use diversified syntheses of workforce and production organs to provide a basis for production planning in our national economic planning.

A statistical examination into the case study

The aim to statistically survey is to recognize the structure of small-scale industry to analyze the national small-scale industries function in order to demonstrate research theories based on the fact that how many productive factors are combined together so that the observed level of production with models obtained by different syntheses of outputs and other production inputs may be obtained such that the necessity of which has been proved for the production designing subject to research theory as reflected in this industry. This paper shows that the statistical data for small-scale industries (handicrafts) including the total amount of small-scale industries in Iran have been obtained by the Iranian National Statistics Center. They have been reviewed and a Regression model with a suitable mathematical model for small-scale industries has been provided.

As a matter of fact, we are determined to prove this research study. For that purpose once we have taken the mathematical equation for production we shall determine which one of these equations can be assessed indifferent industries so that we may be able to select the best function of production. The finding from the statistical and actuary analyses is the same processed mathematical function of production in national rural-industries the importance of which enables us to choose the best suitable function of it for our rational rural industries and hence create the utmost ranges of employment and incomes for our villages.

Processing small-scale industries equations

In this study we have used y=ALfaKB model of Cup Doglass as a nonlinear de-regression to estimate the studied small-scale industry in accordance with the related literature; that is to say, we processed the above-mentioned model on data s obtained and calculated the equations coefficients of small-scale industries as illustrated in the following table. Table 1 the result of actuary processing on cup Doglass model that has used the two statistical approaches to production value and that of Data for the whole national small-scale industries. Compare with two models that have been obtained by two Data approaches, both models are very good because the test model in Table Anova has introduced them to be significant. They also enjoy the R□ coefficient very well. Thus, here are our equations

The significant level of regression model, non-linear, cup Douglas		22	N	Value B	Value a	Value A	Prod. Functions equation
Y=2.44L K Based on production value	0.999 good	7	0.97	0.081	2.44		
Y=2.37L K Based on production value	2.374	0.056	0.974	11	1/..	<0.05	

1. At the whole small-scale industries, the equation in the form of Cup Doglas is

Y= 2/44L°/°□¹ K °□ □

A+B≤1

2. At the whole industry, the equation in the form of cup Glass function based on date is:

Y=2/374L°□ □ K °□ □ □

a + B ≤ 1

Conclusion

The rural trend of industry shows that there is a reasonable relationship between labourers (workers) and production. If a+B = 1, the output stands on a fixed scale; that is to say, if we double the workers (the labour) and investment, the production will double the time as expected and if a = B<1 and if we double them the production rate fails to reach double but less than it. A is high. Thus technology that has been applied in production is more improved. Industrializing villages is a requisite to encourage the rural people to not only continue farming as their chores but also to deal, as a side line, with small-scale industries at leisure's to develop farming and villages in this enterprise. This provides, thus, millions items of opportunities in rural regions.

If we take the fact that the immigration from villages to greater cities is caused by economic factors such unemployment and inefficient or insufficient earning for living, the only solution that helps them to earn adequate earnings is the fact that small-scale industries should be establish in villages in order to prove the equation L=rural employment and Y= rural earnings even if the agricultural sector plays a pivotal role in national economy.

DISCUSSION

The establishment and development of rural industry the solution of our study herein is based on is important as explained below:

1. A rural industry is significantly linked to agriculture and its other alternatives but gains more important if it is thought to play a pivotal role in our national economy. Of course, development in rural small-scale industry accounts for a rapid progress in it. Cultivation and industry can provide a model to prove the fact that agriculture has developed side by side an industry even if it is on a small-scale.

2. As the technology applied in rural industries (handicrafts) are efficient and provide employment for a majority number of villagers it will undoubtedly keep them from moving out of their villages.
3. The time to set up a rural industry is short and mort often few reserved savings are absorbed to it to form an investment.
4. Rural industries cause the earnings of villagers to rise, DGP to grow and the income to distribute equitably.
5. The small-scale industries have more potentiality to be exported to other nations.
6. They cause the required goods to be produced domestically. Ultimately, the results can be said to bear resemblance to rural economic revolution.

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