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Dr. N Guravaiah
Academic Consultant,
Department of Commerce
Vikram Simhapuri University,
SPSR Nellore, Andhra
Pradesh, India.



Performance of rural industries in Nellore District

Dr. N Guravaiah

Abstract

Rural industries play a pivotal role in the development of India. It contributes almost 40 per cent of the gross industrial value added in the Indian economy. By less capital intensive and high labour absorption nature, SSI sector has made considerable contribution to employment generation and also rural industrialization. Under the changing economic scenario, rural industrial sector has to face number of diverse problems like vast population, large scale un-employment and underemployment and scarcity of capital resources and the like. Hence, the government has been providing some special facilities through different policies and programmes to overcome the problems and for the growth and development of rural industries. The efforts of the government have resulted in the phenomenal increase in the number of units in the rural industrial sector. The government also introduced various schemes and incentives for the promotion of rural industrial sector. Over the past the sector has been highly vibrant and dynamic. It has acquired a prominent place in the socio-economic development of the country. Mostly this sector exhibited positive growth trends even during periods when other sectors of the economy experienced either negative or nominal growth. It is a well-recognized fact that a vibrant small-scale sector holds the key to economic prosperity in an economy like India. However, rural industrial sector has been facing multiple problems, which make them uncompetitive and sick etc., in such a context, the paper attempts to highlight the importance of rural industrial sector in Indian economy.

Keywords: Performance, Rural Industries, Nellore District

Performance of Rural Industries in Nellore District

Rural industries play a pivotal role in the development of India. It is generally held that economy in rural industrialization not only raises per capita income and living standards of the people by providing gainful employment opportunities but also reduces income disparities between rural and urban areas. Moreover, promotion of rural industries provides an ample opportunity for optimum utilization of local resources to serve the local needs. Rural industrialization has become one of the major economic and social goals of economic development and formed part and parcel of planning and development of India. The objective of rural industrialization implies widely dispersed on a small scale with as high an employment potential as is compatible with an efficient technique and the requirement of process of development.

In India, industrialization with urban bias resulted in haphazard development between agriculture and industry on one hand and the rural and urban area on the other. Further, the relationship between traditional agriculture and modern industry made the rural sector at a greater disadvantage in appropriating the gains of development leading to increasing disparities in the level of income between rural and urban areas. Rural industries developed on proper lines can serve as an effective means of reducing imbalances and also play a prominent role in providing subsidiary occupations and supplementary incomes especially to personnel engaged in the agriculture besides facilitating a more intensive economic utilization of material resources and man-power.

Nevertheless, rural industrialization which does not benefit the rural population is not the best way of rural development, though it may lead to a considerable growth in industrial output. Rural industrialization facilitates shifts in work force from primary to secondary sector.

Correspondence
Dr. N Guravaiah
Academic Consultant,
Department of Commerce
Vikram Simhapuri University,
SPSR Nellore, Andhra
Pradesh, India.

Industrialization promotes an economy fundamentally relying on agriculture into a more advanced industrial economy. The issues of industrialization are different at different levels of growth with political goals. Economic growth, equity and welfare, national independence etc. dominate industrialization. The strategy of industrialization immensely depends on the theoretical framework and ideological setting. It is impossible to develop everything simultaneously and therefore priorities are to be identified. The right choice has dimensions like relative roles of public and private sectors, heavy industry and light industry, import-substitution and export-promotion labour-intensive and capital-intensive etc.

Significance of Rural Industrialization

Industrialization in rural areas properly appears would have been more successful when the local character had been stressed. However, it is not pursued as a policy in isolation. It should rather be seen as the outcome of a combination of strategies for various industrial sectors on one hand and for integrated rural development on the other. Industrial sector strategies aimed at expanding the lower ends of the spectrum can be nothing more than the part of an overall policy to develop rural areas. It is contended that any programme of industrialization must necessarily cover the rural dimension for protecting and promoting the rural interests. The social and economic costs of rural-urban migration are considered too high for developing countries. Rural development strategy whether it is technocratic, reformist or radical, envisages rural industrialization from the point of economic growth, regional balance and social equity. It is the favourable technical co-efficient based on their own resource endowments that add an additional support and drive for a strategy of rural industrialization. It is characterized by labour-intensive, energy-saving and foreign exchange saving technology and organization which will not adversely contribute to environmental pollution. These structural characteristics and technical co-efficient of rural industry have compelled the attention of planners for according a prominent place for these units under the umbrella of planning in India. An important reason which has hindered the development of a rational and growth oriented approach to rural Industrialization in India is lack of systematic information on the structure, functioning and potential of these industries. In the absence of such information certain assumptions have been made about various aspects of these industries and often such assumptions have been treated as if they hold good for different industries and different areas.

Rural industrialization may be considered as an aspect of spatial diversification of industries and is treated as a part of the problem of the location of industries in general. On the other hand, rural industrialization may be looked upon as a process confined to the development of village industries. Rural industrialization fulfills several economic and social needs of rural areas such as increasing employment opportunities, diversifying rural occupations, raising income and living standards of rural communities, reducing exodus to urban centres, eliminating regional and economic imbalance and ensuring social justice. But rural industries need not merely location condition.

Objectives of the Study

1. To study the industrial development of SPSR Nellore district
2. Performance of Rural Small scale Industries in SPSR Nellore District
3. To analyze the performance of rural industries in SPSR Nellore district
4. Performance of Khadi and Village Industries promoted in SPSR Nellore District

Industrial Development in the District

Government of India have given approvals to four Special Economic Zones (SEZ) proposed to be developed by the district while one SEZ is to be developed by the Government remaining are proposed by the private investors.

There are as many as 47 Large and Medium industries existing in Sri Potti Sriramulu Nellore District. They are functioning with a total investment of Rs.1134.76 crores duly employing 11698 workers.

There are 1319 factories functioning which are registered under factories act, 1948 and there are as many as 24562 are workers employed in these factories, comprising 19301 male and 5261 female workers. There are 264 trading and 391 Non-trading mills with a milling capacity of 9.72 and 6.74 lakhs M. Tons respectively. As many as 32052 small scale /tiny industries are functioning in the district with a total investment of 45444 lakhs with employment of 132296 workers. Under cottage industries as many as 208 units are being operated with 2310 workers consisting of 523 males and 1787 females.

As per the economic census conducted during the year, 2005 as many as 218744 enterprises are identified through enumerations which consist of 80562 and 138182 under agriculture and Non-agricultural enterprises respectively. A total of 174968 enterprises are operating in rural area whereas 43776 are there in the urban areas. The total workers engaged in the above enterprises in the district as is 404557 including children and comprise 305765 and 98792 workers in rural and urban areas respectively. Among them, the non-hired workers accounted for 272438 forming (67.18 per cent) of the total workers.

Progress of Large and Medium Industries

Sri Potti Sriramulu Nellore District was brought under purview of the Rural Industries Project Programme at the fag end of the year 1973-1974. A significant industrial progress has been made from 1974 onwards. The persons employed and the investment made in these industries is presented in table-1.

Among the 12 categories of units presented in the table, sugar based units had the largest share of about 16.99 per cent of investment. This was followed by electrical and electronic based industries and sea food & marine products with a share of 13.74 per cent and 13.22 per cent respectively in the total investment. Cotton based industries have the largest share in employment (23.21%) followed by sea food and marine industries (16.87%) and food based industries (10.96%) respectively.

Table 1: Activity-Wise Large and Medium scale Industries at the end of March in SPSR Nellore District 2010-11 (Rs. In Crores).

No.	Industry	No. of Units	Investment		Employment	
			Amount	% to total	No.	% to Total
1	Food Based Industries	6	92.53	8.12	1296	10.96
2	Sea Food & Marine Products	7	150.6	13.22	1996	16.87
3	Dry Battery cells	2	103.36	9.07	628	5.31
4	Chemical Based Industries	5	112.11	9.84	1074	9.08
5	Cotton Based Industries	4	100.08	8.79	2746	23.21
6	Polished Granite Slab	5	48.7	4.28	482	4.07
7	Printing of Papers and Magazines	3	32.88	2.89	299	2.53
8	Electrical and Electronic Industries	5	156.56	13.74	1038	8.78
9	Sugar Industries	3	193.58	16.99	904	7.64
10	Lubricating Oils	2	8.88	0.78	79	0.67
11	Silica Products Industries	3	77.16	6.77	558	4.72
12	Steel products	2	62.66	5.50	729	6.16
Total		47	1139.1	100.00	11829	100.00

Source: District Industries Centre, Nellore District.

Rural Small scale Industries Progress

Rural Small scale Industries occupies an important place in the Indian economy. It has vast potential of employment generation and with an unenviable feature of exploiting the availability resources to their full extent. These features attracted the policy makers of both state and central government and many development programmes were initiated for the development of small scale industries.

In the 1991 industrial policy, the investment limit for small scale sector was enhanced from Rs.35 lakhs to Rs.60 lakhs (at present 5 crores) on plant and machinery. Further many incentives were provided to small scale and tiny industries.

The district officials are taking special care to hurdles and encouraging entrepreneurs to setup units in the district. The number of rural small scale units which are 1301 in 1999-2000 decreased to 1886 units as on in 2010-2011. At the same time, the investment increased from Rs.1489 lakhs to Rs.5012 lakhs in 2006-07 and later decreased again to Rs.1321.64 lakhs in 2010-2011. The employment generation has also decreased as shown in table-2.

The number of persons employed in rural small scale industries also decreased from 6438 persons in 1999-2000 to 3863 persons in 2010-2011.

Table 2: Performance of Rural Small scale Industries in SPSR Nellore District 2010-11

Year	No. of Units	Investment (Rs. In lakh)	Employment (No.)
1999-00	1301	1489.90	6438
2000-01	1446	1728.32	6276
2001-02	1772	2032.69	8362
2002-03	1670	1790.08	5509
2003-04	2100	3766.98	9609
2004-05	1904	4293.14	7572
2005-06	2018	4908.12	8036
2006-07	2245	5012.90	8543
2007-08	1845	2102.15	5635
2008-09	1183	1023.43	3863
2009-10	1443	1183.12	4861
2010-11	1886	1321.64	5243

Source: District Industries Centre, Sri Potti Sriramulu Nellore District.

Mandal-wise Distribution of Rural Small scale Industries and Employment

The mandal wise distribution of rural small scale industries and the numbers of persons employed by them as on 31st March 2009 is furnished in table-3.

Nellore town & rural has a large number of small scale industries which account for more than 25.77 per cent of the total number of Small Scale Industries in SPS Nellore

District, followed by Gudur town & Rural and Kavali town & rural, had the largest proportion of about 13.36 per cent and 7.36 per cent of the total number of small scale industries respectively. The employment potential is 33.95 per cent, 9.27 per cent and 7.36 per cent in Nellore town & Rural, Kavali town & Rural and Gudur town & Rural respectively.

Table 3: Mandal-wise Rural Small scale Industries in SPSR Nellore district during 2010-2011.

Sl. No.	Mandal/Area	No. of units	% to total	Employment	% to total
1	S.R. Puram	3	0.16	17	0.32
2	Udayagiri	18	0.95	52	0.99
3	Kondapuram	6	0.32	8	0.15
4	Varikuntapadu	8	0.42	9	0.17
5	Jaladanki	9	0.48	21	0.40
6	Kavali town & Rural	241	12.78	486	9.27
7	Bogole	19	1.01	62	1.18
8	Kaligiri	16	0.85	37	0.71
9	Vinjamur	18	0.95	62	1.18

10	Duthalur	3	0.16	9	0.17
11	Parripadu	2	0.11	9	0.17
12	Atmakur	11	0.58	23	0.44
13	A.S. Peta	3	0.16	6	0.11
14	Dagadathi	7	0.37	6	0.11
15	Allur	11	0.58	29	0.55
16	Vidavalur	16	0.85	59	1.13
17	Kondavalur	19	1.01	82	1.56
18	Sangam	10	0.53	53	1.01
19	Buchireddipalem	47	2.49	242	4.62
20	Chejerla	9	0.48	36	0.69
21	Ananthasagarm	17	0.90	48	0.92
22	Kaluvoya	13	0.69	46	0.88
23	Rapur	14	0.74	49	0.93
24	Podalakur	43	2.28	243	4.63
25	Nellore town & Rural	486	25.77	1780	33.95
26	Kovur	46	2.44	326	6.22
27	Indukurpet	33	1.75	88	1.68
28	T.P. Gudur	36	1.91	63	1.20
29	Muthukur	21	1.11	65	1.24
30	Venkatachalam	22	1.17	68	1.30
31	Manubolu	16	0.85	39	0.74
32	Gudur town & Rural	252	13.36	386	7.36
33	Sydapuram	16	0.85	17	0.32
34	Dakkili	11	0.58	16	0.31
35	Venkatagri	34	1.80	78	1.49
36	Balayapalli	4	0.21	3	0.06
37	Ozili	9	0.48	8	0.15
38	Chillakur	7	0.37	8	0.15
39	Kota	25	1.33	62	1.18
40	Vakadu	6	0.32	14	0.27
41	Chittamur	8	0.42	11	0.21
42	Nadiupet	121	6.42	295	5.63
43	Pellakur	8	0.42	13	0.25
44	D.V. Sathram	3	0.16	6	0.11
45	Sulluru pet	145	7.69	167	3.19
46	Tada	14	0.74	36	0.69
Total		1886	100.00	5243	100.00

Source: General Manager, District Industries Centre, Nellore District.

Category-wise Rural Small scale Industries

Besides small scale industries, there were also a number of tiny industries in Sri Potti Sriramulu Nellore District. These industries, as could be seen from table-4, number around 32052 as on 31st March 2009. The total investment in these units amounted to a whopping Rs.45444 lakhs and they employ nearly 132296 persons as on 31st March 2009.

Table-4 reveals details of the small scale industrial categories in Nellore district as on 2009. From the table it is evident that rural small scale industries have been classified into eight categories. There are 34572 SSI units in the district. Among these eight categories, the maximum number of 10004 units belongs to other industries. They are followed by engineering based units 8188, agro based industries 4681 and chemical based industries 3069. The least number of units in the district are accounted for by

animal based industries, that is, 232 units. The table also reveals that a total of Rs. 38334 lakh have been invested in rural small scale industries in the district. A maximum of Rs. 11704 lakhs was invested in agro based industries, followed by engineering based industries (Rs. 10194 lakh) and other industries (Rs. 6810 lakh) respectively.

In this district 1, 7 8, 496 people have been employed in various units of rural small scale industries. The maximum numbers of 41212 people have been provided jobs in engineering based industries. The next place is occupied by agro based industries (36972 persons) and chemical based industries (14540 persons) respectively. A small number of employments have been provided jobs in animal based industries. The maximum employment opportunities in the district are provided by the primary sector. Because this district primarily depends on agricultural raw-materials.

Table 4: Category-Wise Rural Small scale Industries as on 2011 in Sri Potti Sriramulu Nellore District

Sl. No.	Category	No. of Units	Capital/investment (Rs. in lakhs)	Employment
1	Agro Based Industries	4681	11704	36972
2	Forest Based Industries	2885	3133	12349
3	Textile Based Industries	2602	1243	6321
4	Mineral Based Industries	491	722	4046
5	Engineering Based Industries	8188	10194	41212
6	Animal Based Industries	232	381	852
7	Chemical Based Industries	3069	4147	14540
8	Other Industries	10004	6810	62204
Total		34572	38334	178496

Source: General Manager, District Industries Centre, SPSR Nellore District.

Khadi and Village Industries

The growth of Khadi and village industries could be understood from the data provided in table-5. The maximum number of Khadi and village industries have been setup during the year 2003-2004 (1126 units) followed by 1085 units in 2010-2011 and 1060 units in 2002-2003 respectively. The least number of 774 units have been registered in 2004-2005. Though capital investment in Khadi and village industries increased from Rs. 481.68 lakh to Rs. 651.12 lakh from 1999-2000 to 2002-2003, there is a decline of capital to Rs. 585.18 lakh during 2008-2009 with small fluctuations over the preceding years.

The maximum amount of capital Rs. 651.12 lakh, has been invested in 2002-2003 period, while minimum capital Rs.371.88 lakh has been invested in the year 2004-2005. It also reveals that there is an increase of average capital per unit from 1999-2000 to 2010-2011.

Table-5 shows that the maximum average capital of Rs. 621.46 lakh was invested during 2010-2011 period as capital average per unit. The least capital average per unit of Rs. 0.444 lakh was invested during 2001-2002. As could be seen from the table-5 the number of Khadi and Village industries increased from 1007 in 1999-2000 to 1126 units in 2003-2004 but later declined again to 1118 in 2010-2011.

Table 5: The performance of Khadi and Village Industries promoted in SPSR Nellore District

Sl. No.	Years	No. of Units	Capital (Rs.in lakhs)	Capital Average per unit
1	1999-2000	1007	481.68	0.478
2	2000-2001	954	430.16	0.451
3	2001-2002	874	388.48	0.444
4	2002-2003	1060	651.12	0.529
5	2003-2004	1126	621.44	0.552
6	2004-2005	774	371.88	0.480
7	2005-2006	843	428.24	0.508
8	2006-2007	972	516.13	0.531
9	2007-2008	1012	524.15	0.518
10	2008-2009	1085	585.18	0.539
11	2009-2010	1098	603.18	0.549
12	2010-2011	1118	621.46	0.556

Source: District Industries centre, Sri Potti Sriramulu Nellore District.

Conclusion

SPSR Nellore district is in the southernmost district of Coastal Andhra Region of the State of Andhra Pradesh. This chapter presented not only the agro-economic profile of the district but also the industrial performance of sample industrial units of the district. The district lies in an area of precarious and uncertain rainfall. As such the climate of the district is generally dry and salubrious. Nellore town & rural has a large number of rural small scale industries which account for more than 30 per cent of the total number of rural small scale industries in SPSR Nellore district. Next to Kavali town & rural, Gudur town & Rural had the largest proportion of about 10.14 per cent and 9.47 per cent of the total number of rural small scale industries respectively. It is pathetic to note that 25 mandals in SPSR Nellore district had less than one per cent of the total industries each.

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