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Role and Importance of Small Scale Industries in Development of Rayalaseema (A.P.)

Dr. K. Bhaskaru

Senior Research Fellow, Department of Economics Rayalaseema University, Kurnool, A.P., India

Abstract:

Industrial development has played a crucial role in the process of economic development of all countries of the world, including India. Industrialization of developing countries and its role in economic transformation is essential in order to attain economic and social growth. They play an important role in employment creation, resource utilization and income generation and help promote changes in a gradual and phased manner. They have been given an important place in the framework of Indian planning since the beginning, both for economic and ideological reasons. The reasons are obvious. Rapid industrial development contributes to the process of accelerated economic growth and welfare. Indian economy is one of the thresholds of change today, consequent upon the economic reforms initiated in 1991. The reforms in different spheres of economic activity have led to changes in various ways. It is the production of industrial goods that helps and sustains the momentum of growth in a developing economy. Small scale industrial sector plays a vital role in the Rayalaseema regions. They provide immediate large scale employment with lower capital ratio. They need only a short gestation period and relatively smaller market to be economic and Small scale industries need only lesser amount of capital. Empirical studies have shown that small scale enterprises are an important engine for economic growth and equity with social justice.

1. Introduction

In a developing country like India, the role and importance of small-scale industries is very significant for poverty eradication, employment generation, export generation, rural development and creating regional balance in promotion and growth of various developmental activities. It is estimated that this sector has been contributing about 40 per cent of the gross value of output produced in the manufacturing sector and the generation of employment by the small-scale sector is more than five times to that of the large-scale sector. This clearly shows the importance of small-scale industries in the economic development of the Rayalaseem districts. The small-scale industries have been playing an important role in the growth process of Rayalaseem districts economy since independence in spite of stiff competition from the large sector and not very encouraging support from the government.

2. Role of Small Scale Industries

The following are some of the important roles played by small- scale industries in India.

2.1. Employment Generation

The basic problem is the Indian economy confronting is increasing pressure of population on the land and the need to create massive employment opportunities. This problem is solved to a larger extent by small-scale industries because small- scale industries are labour intensive in character. They generate huge number of employment opportunities. Employment generation by this sector has shown a phenomenal growth. It is a powerful tool of job creation.

2.2. Mobilisation of Resources and Entrepreneurial Skill

The small-scale industries can mobilize a good amount of savings and entrepreneurial skills from rural and semi-urban areas remain untouched by the clutches of large industries and put them into productive use by investing in small-scale units. The small entrepreneurs also improve social welfare of a country by harnessing dormant, previously overlooked talent. Thus, a huge amount of latent resources are being mobilised by the small-scale sector for the development of the economy.

2.3. Equitable Distribution of Income

The small entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive. Thus small-scale industries ensures equitable distribution of income and wealth in the Indian society which is largely characterised by more concentration of income and wealth in the organised section keeping unorganised sector undeveloped. This is mainly due to the fact that small industries are widespread as compared to large industries and have large employment potential.

2.4. Regional Dispersal of Industries

There has been massive concentration of industries in few large cities of different states of Indian union. People migrate from rural and semi urban areas to these highly developed centres in search of employment and sometimes to earn a better living which ultimately leads to many evil consequences such as over-crowding, pollution, creation of slums, etc. This problem of Indian economy is better solved by small- scale industries which utilise local resources and brings about dispersion of industries in the various parts of the country and thus promotes balanced regional development.

2.5. Provides Opportunities for Development of Technology

The small-scale industries have tremendous capacity to generate or absorb innovations. They provide ample opportunities for the development of technology in return, creates an environment conducive to the development of small units. The entrepreneurs of small units play a strategic role in commercialising new inventions and products. It also facilitates the transfer of technology from one to the other. As a result, the economy reaps the benefit of improved technology.

2.6. Indigenisation

The small-scale industries make better use of indigenous organisational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development. They provide productive outlets for the enterprising independent people. They also provide a seed bed for entrepreneurial talent and a testing ground for new ventures.

2.7. Supports the Growth of Large Industries

The small-scale industries play an important role in assisting bigger industries and projects so that the planned activity of development work is timely attended. They support the growth of large industries by providing, components, accessories and semi finished goods required by them. In fact, small industries can breathe vitality into the life of large industries.

2.8. Objectives

The present study is “Role and importance of small scale industries in Development of Rayalaseem (a.p)” has the following objectives.

1. To examine the Development of small scale industries of Rayalaseema region of Andhra Pradesh.
2. To analyze the performance of small scale industries in Rayalaseema region of Andhra Pradesh.

2.9. Methodology

The present study is based on the primary data and secondary data. The primary data covering all the aspects of small scale industries in accordance with the objectives of the study are collected through questionnaire and interview method.

2.10. Limitations

The primary data are obtained by survey method. The present study is on small scale industries of Rayalaseema districts of Andhra Pradesh .The study covers the small scale industries of growth pattern, structure of manpower, capital and other problems of small scale industries in Rayalaseema districts. The present study is carried out at a micro - level confined to Rayalaseema districts of the state of Andhra Pradesh. As such the conclusions drawn are area-specific. The study refers to the period from 2009-10 to 2010-11.

3. Growth and Distribution of Sample Small Scale Industries by Size of Capital

Capital is very important role in the small scale industries .Capital is required for the setting up an industry, for its running, and also time of its expansion of units .The availability of capital at cheap rats of interests, and the Government is might influence the banks and other financial agencies to financial assistance for small scale industries. The number of units and capital details from 2009-10 to 2010-11 in Rayalaseema districts are presented in Table-1

Name of the District	No. of Factories		Fixed Capital		Working Capital		Total Capital	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Kurnool	780	984	1,49,089	271367	31,492	44803	180581	316170
Anantapur	488	471	4,49,577	390835	45,556	72451	495133	463286
Kadapa	352	422	3,58,652	450313	39,640	88570	398292	538883
Chittoor	873	811	2,05,885	233926	86,034	112878	291919	346804
Total	2493	2688	1163203	1346441	202722	318702	1365925	1665143

Table 1: Growth of Capital in small scale industries of Rayalaseema (2009-2010to2010-2011) (Rs.Lakhs)

Source: Annual Survey of industries 2009-10 to 2010-11 By the D.E&S (A.P)

Table .1 Shows that the number of industries of registered in rayalaseema region and fixed capital, working capital and total capital situations in rayalaseema districts .in the year of 2009-10 highest registered of industries at Chittoor and lowest registered in kadapa. in the year of 2010-11 highest registered of industries at Kurnool and lowest registered in kadapa The total capital in the year of 2009-10 Rs. 1365925. In the Anantapur is the highest total capital Rs. 495133in the year of 2009-10 and lowest capital Rs. 180581 in

Kurnool district. In the kadapa is the highest total capital Rs. 538883 in the year of 2009-10 and lowest capital Rs. 316170 in Kurnool district.

4. Growth of Employment and Input, Output of small scale industries in Rayalaseema Districts

Man power plays a very crucial role in the industrial development. Many small scale industries depend on the workers. The Rayalaseema districts industrial estates are the labor intensive and hence axiomatically are employment oriented.

Name of the District	No. of Factories		No. of Employees		Total Input		Total Output	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
Kurnool	780	984	17169	20028	191476	252537	231918	293494
Anantapur	488	471	17733	14348	314838	320654	439016	417402
Kadapa	352	422	9633	10548	149177	211305	220979	311485
Chittoor	873	811	39845	35088	549257	606150	634711	733790
Total	2493	2688	84380	80012	1204748	1163346	152662	1756171

Table 2: Growth of Employment and Input, Output of small scale industries in Rayalaseema (2009-2010 to 2010-2011) (Rs.Lakhs)
Source: Annual Survey of industries 2009-10 to 2010-11 By the D.E&S (A.P)

Table .2 Shows that the Emplacement ,input and output conditions in rayalaseema districts .in the year of 2009-10 highest input at Chittoor Rs. 549257 and lowest input in kadapa Rs 149177. In the year of 2010-11, highest input of industries at Chittoor Rs .606150and lowest input in kadapa Rs. 211305. Total output in the year of 2009-10 Rs. 152662 in the year of 2010-11 total output Rs. 1756171.

5. Problems of small scale industries in Rayalaseema Region

The non availability required quality of raw materials at standard prices has been one of the significant problems for the small scale industries in Rayalaseema districts of Andhra Pradesh.

1. The industrial estates of Kurnool district is the 32 per cent of sample small scale industries have been facing the problems of higher power charges, inadequate power supply, low voltage, high voltage and power cut. The
2. In the small scale units have experienced the problem of high transport cost and lack of public transport facilities. The 25 per cent of small scale industries have lack of poor quality of roads of in the study area.
3. The payment of taxes on the manufactured products has become a major burden on the part of sample small scale industries.
4. In the demand plays a dominant role in the growth of Small scale Industrial units. A decreasing trend in demand and fluctuations in demand are two important aspects to be considered. A general decrease in demand or sluggishness in demand can be easily noticed from the responses of different sample units, in the district. This decrease may be due to introduction of substitute products in the markets produced by large scale units or modernized small scale units, sometimes, the decrease may be attributable to the product being out phased.
5. Lake of water facility is faced by the small scale industries and no attractive packing and no development aspects.
6. Insufficient finance at affordable terms.
7. Need of Fund for Modernization and technology up gradation.
8. Lack of entrepreneurial, managerial and marketing skills.
9. Lack of accessibility to investment.

6. Suggestions

On the basis of analysis made in the previous chapters and its recapitulation, a few suggestions may be put forward for smooth and accelerated growth of small scale industries in Industrial Estates of Kurnool district of Andhra Pradesh.

1. Among the operational problems non-availability of raw material and skilled labour and competition are the major problems faced by the small scale industrial units in the present study. Efforts are needed from the government agencies to overcome this problem by providing necessary mechanism.
2. The setting up of raw material servicing centre at Rayalaseema districts will help to solve the raw material problems to some extent.
3. The financial institutions should introduce flexibility in their lending policies, financial assistance may be provided more liberally to viable projects.
4. The state supply corporation should make their allocation system more equitable.
5. The sales tax should be reduced in deserving cases and in deserving cases of textile based industries.
6. They provide easy, cheap and adequate transportation facilities to small scale industrial units. They may also be given transportation subsidy.
7. It is suggested that, the government should take action to ensure that liberal financial assistance may be made available through financial institutions to meet the working capital needs.
8. The most of small scale industries felt that infrastructure and technical assistance are significant facilitating factors. Hence, due attention must be paid to these factors to help entrepreneurs.

9. The Government should set up a special institution or agency in order to eliminate middlemen and to ensure the supply of good quality of raw materials at reasonable prices. It has to procure and distribute both local and non local raw materials as and when required.
10. In order to solve the labour ,some incentives should be given to workers, incentives like house site near the industrial estate, rent free accommodation, free education facilities to their children's will definitely solve this problems. Such incentives will make the workers more efficient and add to the productive capacity of the units.
11. There is a dire need to strengthen training and development programmes. Apathy towards training programmes should be overcome by proper identification of prospective industries and by providing needed training inputs in an effective manner.

7. Conclusion

The foregoing discussion provides a brief survey of the development of micro and small scale enterprises in Rayalaseema districts of Andhra Pradesh. It has sought the highest growth and development of micro small scale enterprises during the last two decades across the regions as well as state as a whole. These industrial units are working with little variations in different regions with reference to number of enterprises, investment and employment creation. The measures suggested above, if implemented sincerely, can ease out the problems of small scale industries and help their development to a large extent. What is required most is a positive approach on the part of the Government and financial and other institutions towards the growth of small scale industries in Rayalaseema districts of Andhra Pradesh.

8. References

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