PROBLEMS AND PROSPECTS OF RURAL INDUSTRIES IN NELLORE DISTRICT : AN ANALAYSIS AND STRUCTURAL IMPLICATIONS

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Abstract

The state of *Andhra Pradesh* is primarily agriculture based economy as the resource base is favourable to agriculture and for the majority of the people agriculture is the main source of livelihood. However over a period of time non-agriculture sector has also been expanding. The development of rural industries on a massive scale would entail substantial use of low cost technologies for acceleration of productivity. Ranis and Stewart (1993) tried to establish the greater importance of rural industries in their model of economic development counteracting Hymer Resnik hypotheses. They believed that and improvement in agricultural market and improved internal terms of trade resulting from additional rural non-agricultural activities and growing agricultural incomes would induce them to invest more in non- farm sector. Hence, from the journey of literature review, agriculture induced linkages seem to a primary factor for acceleration of rural industries as well as industrialization on the whole.

The present study attempts to address these issues based on Indian experience, but it is limited to Andhra Pradesh. The pace and pattern of rural industrialization in Andhra Pradesh would be analysed. For a clearer view, primary data will be collected from Industrialists and other officials connected with industries and the problems and prospects of industries in the State will be analysed so as to enable functiong to suggest some remedial measures for the smooth running of industries in the State.

Key words: Rural Industralization, Level of Income, Education, Caste, Age, Product

Introduction

Rural industries play a pivotal role in the development of India. It is generally held that 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.

OBJECTIVES OF THE STUDY

1. To analyse the problems and prospects of Rural Industrialisation in the Nellore District.

2. To suggest remedial measures for the smooth functioning and progress of rural Industrialisation.

RESEARCH METHODOLOGY

In order to fulfill the above objectives, both primary and secondary data were collected. A structured questionnaire was prepared and administered to the sample industrialists and other concerned officials. Studies on rural industries suffer the limitation of secondary data. The primary source is the NSS reports on employment and Unemployment situation and unorganized manufacturing in India. A.P. Statistical Abstract and concerned DICs. Data of total workers were taken from the Census of India. Secondary data was used for the implementation of the first objective and the data for the years 2012 to 2015 used for analysis as the source of information as progress of rural industrilisation in Nellore district

(b) Sample

A sample of 100 small rural industries in Nellore district is drawn for the study with probability proportional to the size sampling (PPS) method. The rural industrial units in each category of rural industries are selected by the simple random sampling.

As on 31ˢᵗ April 2014 – 2015 there were 1300 tiny and small rural industries in Nellore district, of which 200 rural industrial units come under the pursue of small rural industries. Small rural industry is one with an investment in plant and machinery in between Rs. 25lakhs and 5 crore of the 200 small rural industries. 48 has been closed, and 52 industries declined to provide information. Leaving them out of the data was collected from the remaing 100 rural industries for the present investigation.

Multistage sampling method has been used in order to arrive at the selection of Nellore district. A comparatively higher proportion of non-agricultural workers were found to rural industrial units in be existing in Nellore, district of Andhra Region. Within the above selected district, a mandal wise search of data for the same characteristic, namely largest proportion of workers in the non-agricultural activities was- made and only data relating or totally rural mandal was examined. It was found that manubolu mandal had the largest proportion of non-agricultural workers. Problems and prospects of only registered manufacturing industries would be studied and household industries was ignored. An attempt was made to cover wide a variety of industries in the study area.

(c) Tools

In order to analyse the data, simple mathematical tools like averages, percentages and ratios are used.

1.   Problems of Rural Industries

Table :1 Age-Wise Respondents' Answers with Regard to Problems Faced or Not

S.No	Age	Yes we face Problems	No we do not Have any Problems	Total
1	Young Entrepreneurs	27 (77.00) (33.75)	8 (23.00) (40.00)	35(100) (35.00)
2	Middle Aged Entrepreneurs	19(63.33) (23.75)	11(36.67) (55.00)	30(100) (30.00)
3	Old Aged Entrepreneurs	34(97.14) (42.50)	1 (2.86) (5.00)	35(100) (35.00)
Total		**80 (80.00) (100)**	**20 (20.00) (100)**	**100(100) (100)**

Table :2 Product-Wise Respondents' Answers with Regard to Problems Faced or Not

S. No	Product	Yes we face Problems	No we do not have any Problems	Total
1	Bamboo Works	9 (90.00) (11.25)	1 (10.00) (5.00)	10(100.00) (10.00)
2	Carpenter	6 (60.00) (7.50)	4 (40.00) (20.00)	10(100.00) (10.00)
3	Cement Bricks	4(100.00) (5.00)	0	4(100.00) (4.00)
4.	Cement Works .	5(100.00) (6.25)	0	5(100.00) (5.00)
5	Engineering ; ; Works	10(71.43) (12.50)	4 (28.57) (20.00)	14(100.00) (14.00)
6	Food products	7(100.00) (8.75)	0	7(100.00) (7.00)
7	Ice	3 (50.00) (3-75)	3 (50.00) (15.00)	6(100.00) (6.00)
8	Mud Works	7 (87.50) (8.75)	1 (12.50) (5.00)	8(100.00) (8.00)
9	Oil Mill	3 (50.00) (3.75)	3 (50.00) (15.00)	6(100.00) (6.00)
10	Rice mill	7 (63.60) (8.75)	4 (36.40) (20.00)	11 (100.00) (11.00)
11	Saw mill	10(100.00) (12.50)	0	10(100.00) (10.00)
12	Seed Processing	9(100.00) (11.25)	0	9 (100.00) (9.00)
	Total	80 (100.00) (80.00)	20 (20.00) (100.00)	100(100.00) (100.00)

Table:3 Fuel Used to Run the Industry-Wise Respondents' Answers with Regard to Problems Faced or Not

S. No	Industry Run by	Yes we face Problems	No we do not have Any Problems	Total
1	Electricity	51 (78.46)	14(21.54)	65(100.00)
2	Oil	2 (2.50)		2(100.00)
3	Coal	27(93.10)	2 (6.90)	29(100.00)
4	Manual	0	4(100.00)	4(100.00)
Total		80 (80.00)	20 (20.00)	100(100.00)

Source : Primary data

Table:4 Organizational Structure-Wise Respondents' Answers with Regard to Problems Faced or Not

S.No	Organization	Yes we face Problems	No we do not have any Problems	Total
1	Sole Proprietary	37 (90.24)	. 4 (9.76)	41(100.00)
2	Partnership	43 (72.88)	16(27.12)	59(100.00)
Total		80 (80.00)	20 (20.00)	100(100.00)

Tables - 1 to 4, relate to information on whether the sample respondents face any sort of a problem or do not face any problem. The tables indicate that sample respondents say that they are facing problems of one type or the other, while the remaining 20 say that they are not facing any problem. Table 1 relates to age-wise distribution of respondents with regard to their response to wheather they are facing any problems or not. The table indicates that among those who are facing problems, nearly 50% i.e., 34 belong to the Old Aged Entrepreneurs category, followed by Young Aged Entrepreneurs (27) in number and Middle Aged Entrepreneurs (19 in number).

Product-wise distribution of Respondents with regards to this aspect is presented in Table 2. The table 2 reveals that in the case of products like Cement Bricks, Food Products, Saw Mills and Seed processing, all the respondents felt that they have faced some problem or the other, while in the case of Carpenters, Engineering Works and Rice Mills, some say that they are facing problems while some others say that they are not facing problems. This reveals that the product that is produced influences whether the entrepreneurs face problems or not and across products, this difference is statistically significant.

Another factor that influences whether people face problems or not is the fuel that they use to run their industries. For example Table 3 indicates that all those who do not use any fuel or in other words those industries that are run manually

do not entail facing of any problem, while a larger proportion of those using Electricity, Oil and Coal to run their industries are facing problems (51 out of 65, 2 out of two and 27 out of 29 respectively). These differences have also been found statistically significant.

Organisational structure too is another factor that influences wheather the industry faces problems or not. Table 4 reveals that a larger proportion of those who have sole proprietary structure face problems compared to those which are run under partnership and these differences are found to be statistically significant although the proportion of those facing problems under Partnership structure also is large enough and cannot be ignored.

Conclusion

Initially, Indian village industries enjoyed self rural industrialization. However, the gradual, increase of machine made cheap consumer goods restricted the growth of rural industries and thus created unemployment. With agriculture having little capacity to absorb surplus labour, the rural population began to migrate to urban areas, affecting social, economic and hygienic aspects adversely. The trend increased with the rapid growth of population and increased availability of machine made products. This situation has further necessitated the development of labour intensive industries, widely dispersed all over the rural areas of the country. This sector has vast potential for absorbing a very large number of our expanding work force. Thus, if properly planned and implemented the industries developed in our rural segments, will usher in a new era of hope among rural masses, a majority of whom live below the poverty line. Last but not least, any attempt to industrialise rural spectrum would end in fiasco if a full-fledged infrastructural facilities are not created in those areas. One should not forget that it is the fundamental pre-condition essential for realizing this noble idea.

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