A LOCATIONAL ANALYSIS OF SMALL-SCALE INDUSTRIES IN CHITTOOR DISTRICT OF ANDHRA PRADESH

Dr . D.Chandra Purna
Lecturer in Commerce,Visvodaya Govt. Degree College, Venkatagiri,Tirupati District.AP

Abstract

This study focuses on the locational dynamics of small-scale industries (SSIs) in the Chittoor district of Andhra Pradesh, a region characterized by a significant presence of micro, small, and medium enterprises (MSMEs). The abstract examines the key factors that influence the spatial distribution of these industries, contributing to the district's industrial landscape. The location of SSIs is a critical determinant of their viability, growth, and overall contribution to the regional economy. This analysis considers the interplay of various factors, including the availability of raw materials, proximity to markets, labour supply, infrastructure facilities, and the impact of government policies and industrial estates. The study underscores the importance of strategic location for the sustainability and competitiveness of small-scale industries in the face of challenges such as access to finance and technology. The findings suggest that the concentration of SSIs in specific clusters on the basis of locational pattern like urban or rural and area of industrial estates or outside estates within the district is a response to these multifaceted influences, highlighting the need for targeted policy interventions to foster a more dispersed and equitable industrial development.

Key Words :-   Small-Scale Industries (SSIs), Locational Analysis, Spatial Distribution, Industrial Clusters, Regional Development .

Introduction

Small-scale industries (SSIs) are crucial to the Indian economy, especially in terms of employment generation and resource mobilization. Their significance extends to the substantial contribution they make to industrial output and exports. The locational aspect of SSIs is particularly critical, as it directly influences operational efficiency, resource access, and market reach. The decision regarding the establishment of a small-scale unit involves a complex interplay of economic, social, and infrastructural factors. An ideal location can provide significant advantages, whereas a poorly chosen one may lead to inefficiencies or failure.

Chittoor district in Andhra Pradesh serves as an instructive case study for analyzing the locational patterns of SSIs. Known for its agro-based economy, the district features a growing industrial sector that includes diverse industries such as food processing, textiles, engineering, and minerals. Its strategic proximity to major cities like Chennai and Bengaluru enhances its industrial potential.

This study aims to explore the determinants influencing SSI locations within Chittoor, such as raw material availability, labour dynamics, infrastructure, and government support. Understanding these factors can inform policymakers and stakeholders in fostering a balanced industrial ecosystem in Chittoor and similar regions, ultimately contributing to sustainable economic growth.

Objectives of the study

1. The primary objective of this paper is to comprehensively analyse the locational patterns and the determinants influencing the spatial distribution of small-scale industries (SSIs) in Chittoor district.

Research methodology and Sample Design

The study covers the SSI units registered with the District Industries Centre, Chittoor as on 31-03-2023. For the purpose of selection of sample units, these SSI units are classified into eight categories of industries viz., agro-based, forest based, textile based, mineral based, engineering based, chemical based, leather based and miscellaneous categories. 300

units have been selected on the basis of stratified random sampling method giving equal importance to each of these eight categories of units. The sample works out to approximately 2.2 per cent of units in each category.

Collation of data

Survey method has been adopted for the study. The primary data required for the study were collected from the sample entrepreneurs with the help of a schedule designed for the purpose and through personal interviews. The schedule used for collection of information covered various aspects of entrepreneurial development in motivating factors . Secondary data were obtained from publications of the Government of India, Government of Andhra Pradesh, DIC, Chittoor and other publications

Overall Registration Data

According to a report from the District Industries Centre, Chittoor, and a research paper on the subject, there has been a steady increase in the number of registered MSMEs (Micro, Small, and Medium Enterprises) in the district. The total number of registered units as of early 2023 was reported to be 8,275.

Year-wise and Category-wise Trends

A 2024 study titled "Problems and Perspectives of Small Scale Industries in Chittoor District" provides a valuable snapshot of the year-wise and category-wise growth for a specific period. The data is based on information from the District Industry Centre (DIC), Chittoor

Table-1   Year-wise and Category-wise Trends

Category	2018-19	2019-20	2020-21	2021-22	2022-23
Agro-based	588	995	1,128	1,565	695
Forest-based	273	225	273	283	22
Textile-based	120	625	795	1,005	1,243
Engineering-based	695	1,295	1,459	1,802	568
Chemical-based	416	437	485	523	95
Others	1,469	1,768	1,995	2,731	5,652
Total	3,561	5,345	6,135	7,909	8,275

The **Agro-based** and **Engineering-based** sectors have shown significant and sustained growth over the years, reflecting the district's agricultural foundation and industrial development. The **Textile-based** sector has also experienced remarkable growth, especially from 2019-20 onwards. There are notable drops in registration numbers for Agro-based, Forest-based, and Engineering-based units in 2022-23. This could be due to a variety of factors, including business closures, a shift in registration categories, or changes in the data collection process. The "Others" category consistently accounts for the largest number of registered units, showing a particularly sharp increase in the 2022-23 period. This category likely includes a wide variety of services and miscellaneous enterprises, such as retail businesses, food services, and other unclassified units

Urban or Rural Location of Sample Units

Generally urban locations are preferred to start industrial units due to availability of better infrastructure and other facilities. 184 (61 per cent) of sample units are located in urban conglomerations and the remaining 116 units (39 per cent) are situated in rural areas. Industrial category wise analysis also reveals that majority sample units in all categories, except in agro based category, are located in urban areas (See Table 2).

Table 2   Rural or Urban Location of Sample Units

S.No.	Category of Unit	Rural		Urban		Total	
1	Agro based	49 (42.2)	(55.7)	39 (21.2)	(44.3)	**88 (29.3)**	(100)
2	Forest based	5 (4.5)	(20.8)	19 (10.3)	(79.2)	**24 (8.0)**	(100)
3	Textile based	13 (11.21)	(39.4)	20 (10.87)	(60.6)	**33 (11.00)**	(100)
4	Mineral based	2 (1.7)	(15.4)	11 (6.0)	(84.6)	**13 (4.3)**	(100)
5	Engineering based	18 (15.5)	(30.5)	41 (22.3)	(69.5)	**59 (19.7)**	(100)
6	Chemical based	1 (0.9)	(8.3)	11 (6.0)	(91.7)	**12 (4.0)**	(100)
7	Leather	6 (5.2)	(28.6)	15 (8.2)	(71.4)	**21 (7.0)**	(100)
8	Miscellaneous	22 (19.0)	(44.0)	28 (15.2)	(56.0)	**50 (16.7)**	(100)
	Total	**116 (100)**	(38.7)	**184 (100)**	(61.3)	**300 (100)**	(100)

Source   : Field Survey.

Note   : (   ) ⟶ percentage to row total.

                                   [   ] ↓ percentage of column total

Sample Units Located in Industrial Estate or Outside Estate

Industrial estates/industrial development areas have better infrastructural facilities when compared to other locations. In spite of this, some entrepreneurs prefer to start their units in places other than industrial estates as they opine that getting almost of sheds or plots involves cumbersome procedural formalities. It is observed that while only 76 units (25 per cent) are located in the Industrial estates / Industrial development areas, 224 units (75 per cent) are operating in locations outside these estates. Category wise distribution of units also reveals that with the exception of Mineral based units, majority units in all other categories are located outside estates (See table 3).

Table 3 **Sample Units Located in Industrial Estates or Outside Estate**

S.No.	Category of Unit	Industrial Estate		Industrial Development Area		Others		Total	
1	Agro based	5 (10.9)	(5.7)	7 (23.3)	(8.0)	76 (33.9)	(86.4)	**88** (29.3)	(100)
2	Forest based	2 (4.5)	(20.8)	2 (6.7)	(8.3)	20 (8.9)	(83.3)	**24** (8.0)	(100)
3	Textile based	9 (19.6)	(27.3)	1 (3.3)	(3.0)	23 (10.3)	(69.7)	**33** (11.00)	(100)
4	Mineral based	7 (15.2)	(53.8)	3 (10.0)	(23.1)	3 (1.3)	(23.1)	**13** (4.3)	(100)
5	Engineering based	15 (32.6)	(25.4)	8 (26.7)	(13.6)	36 (16.1)	(61.0)	**59** (19.7)	(100)
6	Chemical based	0 (0.0)	(0.0)	1 (3.3)	(8.3)	11 (4.9)	(91.7)	**12** (4.0)	(100)
7	Leather	2 (4.3)	(9.5)	3 (10.0)	(14.3)	16 (7.1)	(76.2)	**21** (7.0)	(100)
8	Miscellaneous	6 (13.0)	(12.0)	5 (16.7)	(10.0)	39 (17.4)	(78.0)	**50** (16.7)	(100)
	Total	**46** (100)	(15.3)	**30** (100)	(10.0)	**224** (100)	(74.7)	**300** (100)	(100)

Source : Field Survey.

Note : ( ) ⟶ percentage to row total.

[ ] ↓ percentage of column total

Conclusion

The locational analysis of the 300 sample industrial units reveals two significant trends.

First, there is a strong preference for urban locations. A majority of the units (61%) are situated in urban conglomerations, attracted by the superior infrastructure and support facilities available. This urban bias is consistent across nearly all industrial categories including forest-based, textile, and chemical-based industries. The sole exception is the agro-based sector, where a majority of units (55.7%) are located in rural areas, underscoring the critical importance of proximity to raw agricultural materials for these industries.

Second, despite the infrastructural benefits associated with designated industrial zones, a substantial majority of entrepreneurs (75%) operate outside industrial estates. This trend suggests that the potential advantages of industrial estates such as enhanced infrastructure are overshadowed by perceived disadvantages, notably the cumbersome procedural formalities involved in acquiring plots or sheds. This preference for non-estate locations is widespread across sectors, with the exception of the mineral-based category. In this sector, a significant majority (76.9%) are located within either an

Industrial Estate or an Industrial Development Area, likely due to the specific infrastructural or zoning requirements of mineral processing.

In summary, the typical location preferred by small-scale entrepreneurs in this sample is an urban area outside of a formal industrial estate. This dual preference highlights a key insight: while entrepreneurs value the infrastructure and opportunities that urban settings provide, they often avoid industrial estates to maintain greater flexibility and autonomy, unencumbered by bureaucratic red tape.

Reference

1. Ahmad Lone T. and Mehraj Z. (2015), MSMEs in India: Growth, Performance and Various Constraints, Impeding their Growth, Journal of Economics and Sustainable Development, 6(3), 1-8, 2015.
2. Article published in Economic Times (2021) MSME Sector with special reference to its contribution to Economic Growth.
3. Harri Ramcharran (2016) "Bank lending to small business in India: Analyzing productivity and efficiency", QREF, June-16, Elsevier
4. Verma, Narendra, Role of Small Scale Industries (SSIs) in Rural Development of India (April 5, 2017). Available at SSRN: https://ssrn.com/abstract=2988222 or http://dx.doi.org/10.2139/ssrn.2988222
5. Manohar (2021), "The impact of industrial policy and Government on the progress of MSMEs".
6. Divya Pawar, H. S Bhatia, O. P Gupta (2018). Problems and Suggestions of Small Scale Industries in Rajnandgaon District, Int. J. Rev. and Res. Social Sci., 6(4): 455-458
7. Rajeswari, G. (2019), A Study on Problems and Challenges faced by Micro Small and Medium Enterprises: A Special Reference to Manufacturing Sector in Coimbatore District, Journal of Management (JOM), Vol.6, No.6, November–December 2019, pp. 90–93.
8. Bhat, S. (2020), Role of MSMEs in Social and Economic Development in India, Studies in Indian Place Names, 40(50), 1- 11, 2020
9. Manohar, A. (2021). Growth Imperative for the MSME Sector. Article accessed from https://www.investindia.gov.in/teamindia-blogs/growth-imperative-msme-sector, 2021.
10. Muhammad Suhaili and Sugiharsono (2019) "Role of MSME'S in Absorbing labour and contribution to GDP".