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PROBLEMS OF AGRO-BASED UNITS IN SPSR NELLORE DISTRICT OF ANDHRA PRADESH

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Abstract

The agro-based industry plays a vital role in rural industrialization, employment generation, and economic development. However, these units encounter several operational and managerial problems that hinder their growth and sustainability. The present study examines the major problems faced by agro-based units in SPSR Nellore district of Andhra Pradesh, through a field survey using weighted mean score analysis. The analysis indicates that policy-related and marketing-related problems are the most severe categories with higher weighted mean scores. The study suggests the need for improved government support, better infrastructure, skilled manpower development, and financial assistance to strengthen the performance of agro-based units.

Introduction

Agro-based industries constitute an important segment of the small-scale industrial sector and contribute significantly to employment generation, rural development, value addition to agricultural products, and balanced regional growth. These industries utilize agricultural raw materials and help in improving farmers' income by creating market opportunities for agricultural produce. In developing economies, agro-based units are considered a crucial instrument for reducing rural poverty and promoting industrial decentralization. In this context, the present study attempts to analyze the major problems faced by agro-based units based on data collected through a field survey. Weighted mean scores have been used to identify the intensity and severity of various problems encountered by the units.

Key words:- Agro-based industries, Weighted mean scores.

Objective of the study

1. To analyse the Problems Faced by Agro-based Units in SPSR Nellore District.

Research methodology and Sample Design

The study covers the SSI units registered with the District Industries Centre, SPSR Nellore District as on 31-03-2025. 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,



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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 per cent of units in each category.

Method of Analysis

The collected data were classified, tabulated, and analyzed using weighted mean score analysis. The weighted mean score for each problem was computed using the following formula:

$$\text{Weighted Mean Score} = \frac{\sum fw}{N}$$

Where:

- f = Frequency of responses
- w = Assigned weight
- $\sum fw$ = Total weighted score
- N = Total number of respondents

The weighted mean score helped in ranking the problems according to their severity. Higher weighted mean scores indicate more severe problems faced by agro-based units.

Collation of data

The study is mainly based on primary data collected directly from agro-based industrial units through a structured interview schedule/questionnaire. Secondary data were also collected from books, journals, government reports, research articles, and published records relating to agro-based industries.



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Analysis of Problems Faced by Agro-based Units

The table-1 Reveals that various operational and managerial problems faced by agro-based units and their weighted mean scores obtained from the field survey.

Table 1

Problems for Agro based Units

Sl. No.	Particulars	1	Wt	2	Wt	3	Wt	4	Wt	5	Wt	Total	Wt	Wt. mean score
1	Raw material													
1.1	Scarcity	7	7	45	90	133	399	97	388	18	90	300	974	3.25
1.2	High cost	2	2	6	12	3	9	0	0	1	5	12	28	2.33
1.3	Low quality	0	0	5	10	6	18	1	4	0	0	12	32	2.67
1.4	Transport	0	0	1	2	4	12	7	28	0	0	12	42	3.50
	TOTAL	5	5	43	86	35	75	22	88	1	5	96	259	2.70
2	Marketing													
2.1	Competition from other small units	5	5	35	70	56	168	173	692	31	155	300	1090	3.63
2.2	Competition from large units	1	1	1	2	1	3	5	20	4	20	12	46	3.83
2.3	Slackness in demand	0	0	2	4	0	0	8	32	2	10	12	46	3.83
2.4	Price control	0	0	7	14	4	12	1	4	0	0	12	30	2.50
2.5	Distribution controls	0	0	0	0	4	12	6	24	2	10	12	46	3.83
2.6	Problems of transport	1	1	1	2	2	6	3	12	5	25	12	46	3.83
	TOTAL	2	2	22	44	16	48	26	104	18	90	84	288	3.43
3	Power supply													
3.1	Scarcity	0	0	4	8	4	12	3	12	1	5	12	37	3.08
3.2	Uncertainty	0	0	1	2	2	6	6	24	3	15	12	47	3.92
3.3	High Cost	50	50	132	264	71	213	34	136	13	65	300	728	2.43
	TOTAL	266	266	824	1648	725	2175	643	2572	242	1210	2700	7871	2.92
4	Labour													
4.1	Training	15	15	119	238	104	312	47	188	15	75	300	828	3.50
4.2	Unionisation	6	6	47	94	112	336	107	428	28	140	300	1004	3.35
4.3	Turnover	27	27	88	176	87	261	74	296	24	120	300	880	2.93
4.4	Absenteeism	18	18	138	276	99	297	40	160	5	25	300	776	2.59
	TOTAL	140	140	659	1318	664	1992	509	2036	128	640	2100	6126	2.92
5	Finance													
5.1	Shortage of working capital	5	5	35	70	56	168	173	692	31	155	300	1090	3.63
5.2	Shortage of fixed capital	1	1	1	2	1	3	5	20	4	20	12	46	3.83
5.3	High rates of interest	0	0	2	4	0	0	8	32	2	10	12	46	3.83
5.4	Red-tapism in Govt. offices	0	0	7	14	4	12	1	4	0	0	12	30	2.50
5.5	Meager assistance from Govt. agencies	0	0	0	0	4	12	6	24	2	10	12	46	3.83
	TOTAL	2	2	22	44	16	48	26	104	18	90	84	288	3.43
6	Technical & Managerial Assistance													
6.1	Ineffective consultancy service provided by the Govt. agencies	0	0	4	8	4	12	3	12	1	5	12	37	3.08
6.2	Expensive consultancy service provided by the private agencies	0	0	1	2	2	6	6	24	3	15	12	47	3.92
6.3	Non-availability of proficient managers	50	50	132	264	71	213	34	136	13	65	300	728	2.43
	TOTAL	266	266	824	1648	725	2175	643	2572	242	1210	2700	7871	2.92
7	Labour													
7.1	Licence	15	15	119	238	104	312	47	188	15	75	300	828	3.50
7.2	Location	6	6	47	94	112	336	107	428	28	140	300	1004	3.35
7.3	Subsidies	27	27	88	176	87	261	74	296	24	120	300	880	2.93
7.4	Financial policies	18	18	138	276	99	297	40	160	5	25	300	776	2.59
7.5	Training and Development	4	4	27	54	30	90	92	368	147	735	300	1251	4.17
	TOTAL	33	33	284	568	430	1290	490	1960	263	1315	1500	5166	3.44

Source : Field Survey

Wt : Weighted Score



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1. Raw Material Problems

Among the raw material-related problems, transport difficulties recorded the highest weighted mean score of **3.50**, indicating that transportation of raw materials is a major concern for agro-based units. Scarcity of raw materials also emerged as a significant issue with a weighted mean score of **3.25**. Problems relating to low quality and high cost of raw materials recorded comparatively lower scores of **2.67** and **2.33** respectively. The overall weighted mean score for raw material problems was **2.70**, indicating a moderate level of difficulty.

2. Marketing Problems

Marketing issues were found to be one of the major constraints faced by agro-based units. Competition from other small units recorded a high weighted mean score of **3.63**. Competition from large units, slackness in demand, distribution controls, and transport problems each registered a weighted mean score of **3.83**, indicating severe marketing challenges. Price control was comparatively less severe with a score of **2.50**. The overall weighted mean score for marketing problems stood at **3.43**, reflecting serious marketing difficulties.

3. Power Supply Problems

Power supply issues significantly affected the functioning of agro-based units. Uncertainty in power supply recorded a high weighted mean score of **3.92**, showing that irregular electricity supply is a major operational problem. Scarcity of power obtained a score of **3.08**, whereas high power cost recorded a lower score of **2.43**. The overall weighted mean score for power supply problems was **2.92**.

4. Labour Problems

Labour-related problems also affected the performance of agro-based units. Training problems recorded the highest weighted mean score of **3.50**, indicating the shortage of skilled labour and inadequate training facilities. Unionisation scored **3.35**, while labour turnover and absenteeism recorded scores of **2.93** and **2.59** respectively. The overall weighted mean score for labour problems was **2.92**.



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5. Financial Problems

Financial constraints emerged as another major issue. Shortage of working capital recorded a weighted mean score of **3.63**, indicating that insufficient working capital affects smooth business operations. Shortage of fixed capital, high interest rates, and meager assistance from government agencies each recorded a weighted mean score of **3.83**. Red-tapism in government offices scored **2.50**. The overall weighted mean score for financial problems was **3.43**, reflecting serious financial constraints.

6. Technical and Managerial Assistance Problems

Under technical and managerial assistance, expensive consultancy services provided by private agencies recorded the highest weighted mean score of **3.92**. Ineffective consultancy services from government agencies scored **3.08**, while non-availability of proficient managers recorded **2.43**. The overall weighted mean score for this category was **2.92**, indicating moderate difficulties.

7. Policy and Administrative Problems

Problems relating to licence procedures, location, subsidies, financial policies, and training and development were also examined. Among these, training and development recorded the highest weighted mean score of **4.17**, indicating that entrepreneurs strongly perceive inadequate training and development support as a critical issue. Licence-related problems scored **3.50**, while location and subsidies scored **3.35** and **2.93** respectively. Financial policies recorded a weighted mean score of **2.59**. The overall weighted mean score for this category was **3.44**, making it the highest among all categories.

Summary

The study highlights the major problems faced by agro-based units in SPSR Nellore district, based on weighted mean score analysis. The findings reveal that marketing problems, financial constraints, and policy-related issues are the most severe challenges affecting agro-



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based industries. In particular, competition, shortage of capital, uncertainty in power supply, and lack of adequate training and development facilities emerged as critical concerns.

The analysis further shows that inadequate infrastructure, irregular power supply, transportation difficulties, and ineffective consultancy support hinder the efficient functioning of agro-based units. Labour-related issues such as lack of skilled workers, turnover, and absenteeism also negatively impact productivity.

Overall, the study emphasizes the need for stronger institutional support, improved financial assistance, better infrastructure facilities, effective training programmes, and simplified government procedures to enhance the growth and sustainability of agro-based industries. Proper policy interventions and support mechanisms can help agro-based units overcome these challenges and contribute more effectively to rural and industrial development.

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