Chapter - VIII

SUMMARY OF FINDINGS AND POLICY IMPLICATIONS
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. Besides, promotion of rural industries provides 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 a 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 puts 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 genuine lines can serve as an effective means of reducing imbalances and also play a pivotal 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 substantial growth in industrial output. Rural industrialization facilitates shifts in work force from primary to secondary sector. 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 the 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.

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 to 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 favorable technical co-efficient based on their own resource endowments that add an additional support and drive for a strategy of rural industrialization which 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 coerced the attention of planners for according a prominent place for these units under the regime 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 on 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 disparities and ensuring social justice. But
rural industries need not merely location condition. A large industrial establishment located in rural areas and employing some thousand labourers all coming from their village homes to work in the establishment, cannot be called a rural industry. The word has, therefore, to be treated as conveying the additional idea of the industry, an enterprise of rural people carried out mainly in rural environs as distinct from urban or industrial environs. A household industry located in a big town or large factory located in rural areas after creating an industrial colony would not be technically a rural industry. It implies a widely decentralized growth of industries with as high an employment potential as it is compatible with an efficient technique and the requirement of the process of development.

The National Planning Committee (1938) gave an important place to the development of village and cottage industries. In 1944, Sriman Narayan in his Gandhian Plan had suggested the measures for the development of rural industries. The congress agrarian reforms committee recommended several policy measures for the development of khadi and village industries. Article 43 of the Indian Constitution relating to Directive Principles of State Policy says that in particular the state shall endeavour to promote cottage industries on an individual or co-operative basis in rural areas. The Directive Principle of the Constitution laid stress on certain economic and social values which can be cherished only through the development of rural industries. It should be the State Policy to provide for the growth of decentralized industries over the possible fields as they could avoid the evils of urbanization, concentration and centralization.

There are various types of rural industries using different technologies at the same time. This alone enabled the rural industrial system to keep pace with the changing technological imperatives. Further, rural regions also vary very widely in their socio-economic characteristics.

There are three internal components in rural industrialization system:

1. resource distribution
2. organization and institutions and
3. incentives.
As the rural regions vary vastly in these elements, each region needs a different set of incentives and priorities. The resource system of a region consists primarily of (1) Physical and (2) Human capital. The nature and intensity of the use of these resources depend on the organization and institutions dealing with goods and services, production and production technology as also spatial organization and public and private support organizations. The development of rural industries depends on the incentives which act upon by the organizations and institutions. During the last four decades and above, India has seen an "explosion" of concepts and strategies in the field of rural industrialization. They represent different approaches and lay emphasis on different aspects of the problem of rural industrialization.

In India, there have been two distinct development ideologies: Sarvadaya and Socialistic. In the Sarvadaya approach, the immediate problem facing the country was poverty which had to be tackled directly through the provision of employment in traditional sectors-agricultural and cottage industries while the need for some large industries is recognized, these are mainly for catering to the needs and requirements of agriculture and cottage industries. In the socialistic ideology, the accent is on large-scale industrialization which lays emphasis on capital and heavy industry. Cottage industry represents only an intermediate arrangement for providing gainful employment to rural population. The latter approach has largely influenced Indian planning, especially in the earlier years.

In so far as the rural industries sector is concerned, the developmental strategies which have evolved over the years can be broadly classified into three stages:

1) Sectoral approach,
2) Growth centre approach and
3) Target oriented approach.
FINDINGS

Demographic Characteristics

1. There are 209 males (69.7%) and 91 females (30.3). Majority of males are engaged in agro & food based industry (22.5%) and majority of females are engaged in agro & food based industry (30.8%). Moreover, majority of males and females are engaged in agro & food based industry (22.5%) and 30.8 per cent in khadi industry. Majority of males are engaged industrial units of Nellore division and females are engaged in industrial units of Gudur division.

2. Majority of artisans (36.7%) are of 36-40 years of age. Moreover, the respondents of below 35 (43.8%) and 41-45 (36.7%) years of age are highest in Gudur division, 36-40 years (38.3%) and above 45 years (36.4%) of age are highest in Nellore division.

3. The local artisans are highest at 23.9 per cent and non-locals at 26.8 per cent in agro & food based industry. Majority of artisans of the sample rural industrial units (38.3%) are local in Nellore division and 39.3 per cent non local in Gudur division.

4. All categories of community, viz. OC, BC, SC and ST community respondents are highest in agro & food based industry. Among the community, OC, BC, SC and ST community respondents are highest in agro & food based industry. OC community respondents are highest at 43.9 per cent in Nellore division, that BC community respondents are highest at 38.7 per cent in Gudur division and SC and ST community respondents are highest at 36.8 and 41.7 per cent in Kavali division.

5. Majority of artisans of the sample rural industrial units (25%) having primary level of education and Intermediate/Degree/above qualification (27.2%) are in agro & food based industry, majority of artisans of the sample rural industrial units (20.8%) having primary level of education are in khadi industry. The artisans of primary level of education are highest at 37.5 per cent in Kavali Division, the artisans of secondary level of education are highest at 35.1 per cent each in Gudur and Kavali Division and the artisans of Intermediate/Degree and above qualifications are highest at 36.6 per cent in Nellore Division.
6. Majority of present operation of artisans of the sample rural industrial units are 27.5 per cent cottage, 25.6 per cent village and 19 per cent small in agro & food based industry. Majority of cottage industries (38.5%) are in Nellore division, village (34.6%) and cottage (39.7%) are in Kavali division.

7. Majority of cottage (27.1%) and village (26.4%) industries are agro & food based industry and majority of small scale industries (20.5%) are under polymer & chemical industry. Majority of cottage industries (35.5%) are in Gudur division, village (37.7%) industries in Nellore division and small (35.9%) are in Kavali division.

8. Majority of the sample rural industrial units (24.8%) are hereditary and non-hereditary (25.8%) under agro & food based industry. Hereditary occupational background is observed highest at 34.6 per cent in Gudur division and non-hereditary occupational background is observed highest at 39.7 per cent in Kavali division.

9. Majority of artisans (24.6%) are working on full time basis and on part time basis (27.3%) are working in agro & food based industry. About 36.7 per cent of the artisans are working on full time basis in Nellore division and 45.5 per cent of the artisans are working on part time basis in Kavali division.

10. Around that 35.3 per cent of the artisans' family occupation is farming in agro & food based industry, 29.3 per cent of the artisans' family occupation is crafts and 22 per cent of the artisans' family occupation is trading in khadi industry. About 38.3 per cent of the artisans' family occupation is farming in Nellore division, 40.2 per cent of the artisans' family occupation is crafts and 43.9 per cent of the artisans' family occupation is trading in Kavali division industry.

11. Majority of the sample rural industrial units (28.6%) have satisfaction with the present operation in the agro & food based industry and 10 sample rural industrial units (27.8%) have no satisfaction with the present operation in khadi industry. Around 217 sample rural industrial units (72.3%) have satisfaction with the present operation and 83 sample rural industrial units (27.7%) have no satisfaction with the present operation.

12. Majority of sample rural industrial units have plant to expand the present activity (23.3%) and 35 per cent of sample rural industrial units have no plans to expand the present activity in agro & food based industry. Majority of sample rural industrial
units (38.4%) have plan to expand the present activity in Nellore division and 66.7 sample rural industrial units have no plan to expand the present activity in Kavali division.

13. Majority of sample rural industrial units (18.5%) manufacture standard goods for mass market in khadi industry and 20 per cent of sample rural industrial units manufacture standard goods on customers' orders in agro & food based industry. Majority of sample rural industrial units (37.1%) manufacture standard goods for mass market and 37.9 per cent of sample rural industrial units manufacture standard goods on customers' orders in Nellore division.

14. Majority of sample rural industrial units in agro & food based industry have wholesale/selling agents for their products (33%) and retailers (25.2%) and majority of sample rural industrial units in khadi industry market their products directly to the consumers. In all the three divisions that majority of the sample rural industrial units (41.1%) have wholesale/selling agents for their products, 39.4 per cent have retailers (39.4%) and 36 per cent market their products direct to consumers and in Nellore division.

15. About 26.7 per cent of the sample rural industrial units use locally available sources of inputs and 22.5 per cent sample rural industrial units use sources of inputs available outside the district/state in agro & food based industry. Majority of the sample rural industrial units use locally available sources of inputs (34.4%) and outside the district/state (34.2%) in Nellore division.

16. About 25.2 per cent of sample rural industrial units have regular production and 24.3 per cent of sample rural industrial units have seasonal production in forest based industry. Majority of sample rural industrial units (70.9%) have regular production in Gudur division and majority of sample rural industrial units (40.5%) have seasonal production in Nellore division.

17. Majority of the sample rural industrial units (26.3%) in khadi industry produced regularly and majority of the sample rural industrial units (30.1%) in agro & food based industry produce seasonal mode. Majority of the sample rural industrial units (39.07%) produce regular nature in Kavali division and majority of the sample rural industrial units (41.77%) produce seasonal in nature in Nellore division.
18. Majority of the sample rural industrial units in agro & food based industry market their products locally (23.5%) and outside the district /state (27.5%). Majority of the sample rural industrial units (36.2%) market their products locally and 42.5 per cent of sample rural industrial units market their products outside the district /state in Nellore division.

19. Majority of the sample rural industrial units (26.8%) in agro & food based industry secured finance with the help of middlemen and in agro & food based industry and khadi industry, 16.7 per cent of the sample rural industrial units secured finance without the help of middlemen. Majority of the sample industrial units (35%) in Nellore division secured finance with the help of middlemen and that majority of the sample industrial units (35.2%) in Kavali division secured finance without the help of middlemen.

20. Majority of sample rural industrial units in agro & food based industry got finance with the interference of government employees (21.5%) and bank employees (15.8%) and friends and relatives (23.1%). Majority of the sample rural industrial units in Nellore division got finance with the interference of bank employees (42.6%), got finance with the interference of bank employees (40%) and got finance with the interference of friends and relatives (42.4%).

21. The financial institutions have good opinion on majority of the sample industrial units (27.6%) and not satisfactory (34.2%) on sample units in agro & food based industry and satisfactory on the majority of the sample industrial units (17.4%) each on engineering & non-conventional energy industry and service industry. The financial institutions have very good opinion on majority of industrial units (35.3%) and satisfactory on majority of industrial units (35.9%) in Nellore division and not satisfactory on majority of industrial units (39.5%) in Gudur division.

FINANCIAL PERFORMANCE

22. The owned capital, loaned capital and total investment have continuously increased from 2001-02 to 2010-2011. The owned capital, loaned capital and total investment are significantly increased as the t value shows 1 per cent level of significance. The loaned capital, owned capital and total investment are highest at 32.41 per cent, 33.75
and 33.06 per cent respectively in 2001-02 and at 32.42 per cent, 34.74 and 32.99 per cent respectively in 2010-11 in agro & food based industry.

23. The fixed assets, current assets and total assets have continuously increased from 2001-02 to 2010-2011. The fixed assets, current assets and total assets are significantly increased as the t value shows 1 per cent level of significance. The fixed assets, current assets and total investment are highest at 34.37 per cent, 18.98 and 34.35 per cent respectively in 2001-02 and at 32.42 per cent, 34.74 and 32.99 per cent respectively in 2010-11 in agro & food based industry.

24. The total liabilities range from Rs.1363.28 lakhs in 2001-02 to Rs.1968.61 lakhs in 2010-2011 with the mean of Rs.1636.90 lakhs. The total investments are significantly increased and the t value shows 1 per cent level of significance.

25. The sample rural industrial units got loans from different sources. Among them financial institutes gave the loan to the highest tune compared to other sources. It is worth mentioning that all the sources of loan to the sample rural industrial units are highly significant at 1 per cent level.

26. Both the total loaned capital and total investment continuously increased from 2001-02 to 2010-11. Moreover, the index also sailed in the same boat of both the total loaned capital and total investment. The mean loan received from the financial institutes is Rs.49.62 lakhs, Rs.28.33 lakhs from money lenders, Rs.6.79 lakhs from relatives and friends and Rs.3.9 lakhs from other sources. It is confirmed that financial institutes have sanctioned loan to the highest tune and the agro & food based industry received loan amount to the highest tune at Rs.229.86 lakhs from all the sources.

27. The mean loan received from the financial institutes is Rs.72.72 lakhs, Rs.42.33 lakhs from money lenders, Rs.14.62 lakhs from relatives and friends and Rs.9.80 lakhs from other sources with a mean of Rs.139.47 lakhs. It is confirmed that financial institutes have sanctioned loan to the highest tune and the agro & food based industry received loan amount to the highest tune at 32.4 per cent from all the sources.
28. The capital of the selected rural industrial units have highest proprietary funds at 33.8 per cent, long term liabilities at 32.4 per cent and current assets at 32.5 per cent during 2001-02 and in 2010-11, there were 33.7 per cent of proprietary funds, 32.6 per cent of long term liabilities and 32.2 per cent of current assets agro & food based industry. The proprietary funds, long term liabilities, current assets and total funds have increased in 2010-11 over 2001-02. The selected rural industrial units have mean proprietary funds of Rs.81.77 lakhs, long term liabilities of Rs.62.07 lakhs, current assets of Rs.26.58 lakhs and total funds of Rs.170.41 lakhs in 2001-02 and in 2010-11, the mean proprietary funds are Rs.106.66 lakhs, long term liabilities are Rs.77.46 lakhs, current assets are Rs.61.96 lakhs and total funds are Rs.246.08 lakhs.

29. The total capital was Rs.1363.28 lakhs in 2001-02 and continuously increased to Rs.1968.61 lakhs in 2010-11 showing an ever increasing trend, the production in 2001-02 was Rs.720.12 lakhs and Rs.972.27 lakhs in 2010-11 with the average production of Rs.856.22 lakhs and the employment potential was 3613 in 2001-02 and 5579 in 2010-11 with the average employment potential of 4535.60. The t value is significant highly at 1 per cent level and indicates that the production is very significant.

30. The total cost of production of sample rural industrial units during 2001-02 to 2010-11 in ranges from Rs.324.43 lakhs in 2001-02 and Rs.528.43 lakhs in 2010-11 with the mean cost production of Rs.432.697 lakhs. The cost of production has continuously increased from 2001-02 to 2010-11. The t value is significant highly at 1 per cent level and indicates that the cost of production in mineral based industry is very significant.

31. The cost of production in selected sample rural industrial units during 2001-02 to 2010-11 varies from 45.05 per cent in 2001-02 to 54.35 per cent in 2010-11 showing an increasing cost of production.

32. The total percentage of net profit among the selected sample rural industrial units during 2001-02 to 2010-11 increased gradually from Rs.395.69 lakhs in 2001-02 to Rs.443.84 lakhs in 2010-11 with the mean profit of Rs.423.525 lakhs. The decreasing trend in net profit is observed in the sample rural units of mineral based industry, forest based industry, polymer & chemical industry and service industry and
increasing trend in net profit is observed in the sample rural units of engineering & non-conventional energy, textile industry and khadi industry. But above all the net profit of the select sample rural industries is continuously increasing.

33. The total percentage of net profit among the selected sample rural industrial units during 2001-02 to 2010-11 decreased from 54.95 in 2001-02 to 45.65 in 2010-11. But the percentage of net profit shows an increasing trend in the latter half of the study period.

EMPLOYMENT

34. The total employment of both males and females in 2001-02 was 3613 and increased to 5579 in 2010-11. The t value significant at 1 per cent level and infers that the male and female employment in rural industrial units is very significant.

35. Employment is the highest in Nellore division followed by Kavali and Gudur divisions in terms of both males and females in the sample rural industrial units of SPSR Nellore district.

36. In 2001-02, the total employment in all the selected sample rural industries was 3613 including 2968 males (82.2%) and 645 females (17.9%). Among them, the agro & food based industry had 770 (21.3%) employees followed by mineral based industry 729 employees (20.2%) but the other units have low level of employment. In 2010-11 too, the agro & food based industry had 1346 (18.6%) employees followed by khadi industry but the other units have low level of employment. The t value is significant at 1 per cent level and hence it can be inferred that the division wise employment of sample rural industrial units is highly in 2001-02 and 2010-11.

37. Employment, total investment, production / sales, total cost and net profits have increased whereas profit per employee and profits per capital cost have decreased.

38. The skilled and unskilled employment in sample rural industrial units has been steadily increased from 3613 in 2001-02 to 5579 in 2010-11 with the mean employment of 4535.60. It shows that the production and profit are increasing and hence increase in provision of employment of both males and females.
39. The agro-based industry had more skilled employees (24.5%) and mineral based industry had more unskilled employees (22.5%) in 2001-02 while in 2010-11, the agro-based industry had more skilled (24.3%) and unskilled employees (24%). The Chi-square value is significant at 5 per cent level and inferred that the skilled and unskilled employment in sample rural industrial units in 2001-02 and 2010-11 is moderately significant.

40. Both the skilled and unskilled employment is high in Nellore division at 38.3 per cent and 39.7 per cent in 2001-02. The Chi-square value is significant at 5 per cent level and it can be inferred that the employment potential in all the 3 divisions is moderately significant. In 2010-11 too, that both the skilled and unskilled employment is high in Nellore division at 36.3 per cent and 39.7 per cent in 2001-02. The Chi-square value is insignificant and it can be inferred that the employment potential in all the 3 divisions is not significant. The average per unit employment has increased from 2001-02 to 2010-11.

41. There were 5579 employees including 2333 permanent employees (41.8%) and 3246 temporary (58.2%). The permanent and temporary employees are highest in agro & food based industry at 25 per cent and 25.7 per cent followed by khadi industry at 23.9 per cent permanent and 21.1 per cent and temporary employees. On the whole, the agro and food industry is utilizing majority of employees.

42. Majority of both permanent (40.4%) and temporary (37.5%) employees are present in Nellore division. The Chi-square value is not significant and hence it can be inferred that the division-wise distribution of sample rural industrial units in 2001-02 is not significant.

43. Majority of permanent employees (43.6%) are in Gudur division and temporary employees (62.6%) in Kavali division. The Chi-square value is significant at 5 per cent level and hence it can be inferred that the division-wise distribution of sample rural industrial units in 2010-11 is moderately significant. The temporary employees are more than permanent employees in all the three divisions irrespective of total number of industrial units.
44. Around 42 industrial units (14%) have employment size of below 10, 176 industrial units (58.7%) have employment size of 11-20, 52 industrial units (17.3%) have employment size of 21-30 and 30 industrial units (10%) have employment size of above 30.

PROBLEMS OF RURAL INDUSTRIAL UNITS

45. Majority of agro & food based industry units (24.67%) have problems regarding production and no problems regarding production (29.2%). The Chi-square analysis shows that the Chi-square value is insignificant and hence it can be inferred that the problems regarding production are not significant.

46. Majority of the sample rural industrial units in Nellore division have problems regarding production (33.7%) and the remaining units (41.7%) have no problems regarding production. The Chi-square analysis shows that the Chi-square value is insignificant and hence it can be inferred that the problems regarding production in division wise are not significant.

47. About 198 industrial units (24.3%) have the problem of shortage of raw materials, 201 industrial units (24.7%) have the problem of lack of skilled labour, 147 industrial units (18.1%) have the problem of lack of timely credit, 169 industrial units (20.8%) have the problem of shortage of power and 99 industrial units (12.2%) have the problem of lack of storage facilities.

48. Shortage of raw materials is the major problem for 36.4 per cent sample rural industrial units lack of skilled labour is the major problem for 38.8 per cent sample rural industrial units, lack of timely credit 40.8 per cent sample rural industrial units, shortage of power for 38.5 per cent sample rural industrial units and lack of storage facilities for 45.5 in Nellore division.

49. The raw material is a very serious problem for 71 units, a serious problem 110 units and 119 a not serious problem. Finance is a very serious problem for 27 units, a serious problem 81 units and for 129 not a serious problem. Labour is a very serious problem for 125 units, a serious problem 105 units and 70 not a serious problem. Marketing is a very serious problem for 115 units, a serious problem 69 units and 116
not a serious problem. Storage is a very serious problem for 54 units, a serious problem 201 units and 45 not a serious problem. In case of transport, a very serious problem for 136 units, a serious problem for 61 units and for 103 not a serious problem.

50. In khadi industry has the problem of raw material and assumes 1st rank, forest based industry has finance problem and assumes 1st rank, polymer & chemical industry has labour problem and assumes 1st rank, agro & food based industry has marketing and storage problem and assumes 1st rank and service industry has transport problem and assumes 1st rank. The various ranks are varied owing to various problems and the problems vary from division to division and hence one variable assumed 1 rank in one division may assume 2nd or 3rd rank in other division.

51. In Nellore division the problem of raw material assumes 1st rank, labour assumes 2nd rank, finance, marketing, storage and transport assume 3rd rank. In Gudur division finance, labour and storage assume 1st rank, raw material and marketing assume 2nd rank. In case of Kavali division, marketing and transport assume 1st rank, finance and storage assume 2nd rank and raw material and labour assume 3rd rank. The various ranks are varied owing to various problems and the problems vary from division to division and hence one variable assumed 1 rank in one division may assume 2nd or 3rd rank in other division. It is concluded that raw material problem as rank 1 persists in Nellore division, finance and labour as rank 1 persists in Gudur division and marketing as rank 1 persists in Kavali division.

52. In the intensity of problems, finance is very serious and assumes first rank, followed by raw material assumes 2nd rank, marketing assumes 3rd rank, storage assumes 4th rank, transport assumes 5th rank and labour assumes last with 6th rank. It is concluded that finance is a very serious problem for all the sample rural industrial units.

SUGGESTIONS

1. Mere 24.6 per cent of artisans are working on full time basis and majority of artisans are working on part-time basis. Hence the artisans are given opportunity for full time basis to increase the production thereby income.
2. Around 83 sample rural industrial units (27.7%) have no satisfaction with the present operation. Hence operations systems have to be changed to suit with the today's conditions.

3. Majority of the sample rural industrial units in agro & food based industry market their products locally (23.5%) and outside the district/state (27.5%). Hence market facilities are provided locally to reduce transport cost.

4. Majority sample rural industrial units (26.8%) secured finance with the help of middlemen. The middlemen ship must be checked in order to get finance without loss as middlemen exhort large commission.

5. The financial institutions have satisfactory on majority of industrial units (39.5%) in Gudur Division owing to irregular payment of installments etc. Hence the rural sample industrial units must be in good looks of financial institutes in order to get good will and get substantial loan.

6. The owned capital, loaned capital and total investment have continuously increased from 2001-02 to 2010-2011. Hence the dependency of these must be reduced by increasing product and profit.

7. The cost of production has continuously increased from 2001-02 to 2010-11. Hence the cost of production must be reduced by using sophisticated machinery etc.

8. There is a decreasing trend in net profit in the sample rural units of mineral based industry, forest based industry, polymer & chemical industry and service industry and hence they need to take alternate arrangement to produce more to get net profit.

9. The profit per employee and profit per capital cost have decreased and hence they must be increased.

10. The temporary employees are more than permanent employees in all the three divisions irrespective of total number of industrial units. Hence if the temporary employees are made permanent they can function well with the notion of job security thereby production and profit will increase.

11. Only 30 industrial units (10%) have employment size of above 30 and hence depending on need the size of the employment must be increased by the sample rural industrial units to increase productivity and get profit.
12. Majority of agro & food based industry units (24.67%) have problems regarding production and hence the problems must be solved.

13. About 198 industrial units (24.3%) have the problem of shortage of raw materials, 201 industrial units (24.7%) have the problem of lack of skilled labour, 147 industrial units (18.1%) have the problem of lack of timely credit, 169 industrial units (20.8%) have the problem of shortage of power and 99 industrial units (12.2%) have the problem of lack of storage facilities. The problems of shortage of raw materials, lack of skilled labour, lack of timely credit, shortage of power and lack of storage facilities are immediately looked into.

14. In Nellore division the problem of raw material assumes 1st rank, in Gudur division finance, labour and storage assume 1st rank and in Kavali division, marketing and transport assume 1st rank. raw material, finance and marketing are the three major problems which are imperatively given solution.

15. In the intensity of problems, finance is very serious and assumes first rank and hence either banks must increase the loan amount to the tune of the desired level of the sample rural industrial units.

IMPLICATIONS
1. Skilled labour percentage if increased, the productivity is increased and profit is generated.
2. Raw material, finance and marketing problems are solved on war foot in order to improve the productivity and increase the profit.
3. The financial institutions have to increase the capital loan to the rural industries to the existing expenditure.
4. Increase in the permanent employment leads improve productivity and increased profit.
5. Increase in the skilled employees leads improve productivity and increased profit.