Chapter - II

DESIGN OF THE STUDY AND METHODOLOGY
2.1 STATEMENT OF THE PROBLEM

Almost all the countries world over are marching forward towards the great race of industrialization. The question is no longer whether industry is good or bad. Some people may moot that industrial technology will destroy valued social and political institutions, but opposition to industrialization is generally futile. Developing economies have been confronted with a conflict between growth and employment in their attempts at industrialization as the countries have to achieve simultaneously higher levels of employment. Thus, the strategy and technology appropriate to develop countries are entirely different from those considered to be appropriate to the advanced countries.

In India, the earlier development planning keeping its stress on the development of large scale industry, failed to solve the problems like balanced regional development, gainful employment to millions of unemployed and, equitable distribution of benefits of industrialization with industrial development mostly confined to a few metropolitan cities and big towns and the benefits of industrialization have hardly percolated. Thus, it has been realised later that the pattern of industrialization could not be the same as the pattern of industrialization in western countries owing to the fact that India is a over-populated country with wide regional imbalances and scarcity of capital. Moreover, the welfare objectives enshrined in the constitution imply that in the process of development, the common man's welfare is to be given top priority. The guiding principle of the socialistic pattern of society also dictates that the small scale should be recognised as the means to achieve equitable growth.

Industrialization is a process in which change of a series strategical production functions are taking place and economic gains of industrial progress are continuously created. Its resultant effect is to raise the per capita income and standard of living of the people in any country. A higher standard of living implies that more of industrial goods flow into the consumption basket of the people. The net economic impact of industrialization must travel down ultimately to maximum number of people. For any country, industrial advancement is the main factor for achieving honourable place in the world map. Absence of industries made a nation dependent on other countries and infringes its dignity. Without

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industrialization, no country can have political or economic freedom and raise the standard of living of its people.

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. 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.

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 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.

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 imbalance 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.

Industrialization is recognized as one of the developmental strategies all over the world. In the process of industrialization people and their abilities plays a significant role and if human factor is neglected it will weaken the economic process of any country. The rural industries are more labour-intensive and capital-saving compared to the large firms. They are better suited to the factors of production in the labour abandoned economy like India. Rural industries play a strategic role in the progress of the country. These industries by and large, represent a stage in economic transition from traditional to modern technology. The transitional nature of this process is reflected in the diversity of these industries. Rural industries use simple skills and machinery while many others use modern and sophisticated technology. The challenge of economic growth is to accelerate the productivity of agriculture and industry by improving their techniques of production. As far as industries are concerned, this will involve adoption of a progressively super technology, particularly in semi-urban and rural areas. The rural industries have a significant role in production and distribution. Creating employment opportunities to people in their local environment by harnessing both the natural and human resources for development and thereby improving the standard of living on one hand and enriching the cultural heritage on the other, are the key roles accorded to the enterprises. The rural industries have the advantages of generating gainful employment with low investment, diversifying the industrial base, reducing regional disparities through dispersal of industries into rural, semi-urban and backward areas.

Industrialization is a process in which change of a series of strategical production functions are taking place and economic gains of industrial progress are continuously created. The objectives of industrialization are high growth rates, employment generation and equitable distribution of income and wealth. The effect of it is to raise the per capita income and standard of living of the people of any country. The third world countries are trying to
solve their endemic problems of poverty, inequality and unemployment through a systematic process of industrialization. The development experience of the past indicates that industrialization has played a crucial role on the overall economic development of any country. Countries with rapidly growing industrial sectors manage the development problems, particularly unemployment, poverty and income level more effectively than those countries in which industrialization is marked by low. Thus, there is a worldwide acceptance to have industrial development as legitimate objective to solve their economic and social problems.

The most common characteristic of low per capita income countries is low degree of industrialization. A close relationship between industrialization and the growth of national income has been observed by Kuznets in a comparative study of 50 countries, which has shown a marked increase of manufacturing output with rising per capita income. Chenery and Taylor also prove that a statistically significant relationship exists between per capita income and the degrees of industrialization. A consensus has arisen among the development theorists and planners that, for most countries, economic development must be viewed primarily in terms of industrialization. Industrialization acts as an instrument both of creating capacity to absorb excess labour power and of catering to the diversification of the market required at higher stages of economic development.

In the development of an underdeveloped economy, there is really no conflict between agriculture and industrial development. The fact that the productivity of labour in industry is much higher than the agriculture, points to the need for rapid industrial development. Moreover, in an underdeveloped economy, the surpluses created in the industrial sector are likely to be available for investment relatively more easily than the surpluses in agricultural sector.

2.2 NEED FOR THE STUDY

Ever since the plan era, the Government of India and State Governments have enunciated various policies, initiated programmes and promoted agencies to help all the sections involved in the process of industrialization. The changes that are to be brought into the system for improving the performance of the agencies for achieving the avowed objectives of industrialization, feedback is essential. Such feedback can be made available
through a systematic micro level empirical investigation alone. Since the district lies in the heart of famine zone and the development of industries not being fast in the area, a detailed study is necessary to find out and analyze the real problems existing and being experienced by the artisans of the rural industries in SPSR Nellore district. Hence the research intended to pursue the research on the impact of rural industries under the title "Employment potential of Rural Industries: A Study of SPSR Nellore District".

2.3 REVIEW OF LITERATURE

A comprehensive review of literature has become part and parcel of any investigation as it not only gives an idea about the work done in the past and assists in delineation of problem area but also provides a basis for interpretation of findings. The available relevant literature on Rural Industries is reviewed with reference to their financial as well as other related aspects. An attempt is made along the following lines to review some of such studies.

A committee (1966) under the chairmanship of Ashok Mehta was constituted in June 1966 to assess the progress of Khadi and Village Industries and to make recommendations to strengthen and expand them and to suggest structural or constitutional changes. Two significant recommendations of the committee were the suggestions to constitute a rural industries commission and setting up of a rural technology research institute. The committee was firmly of the view that the village industries based on utilization of local resources and skills had considerable potential and if proper guidance was given, the village industries programme could help in raising the living standards of the rural community. The committee further stated that methods, techniques and processes of production would need continuous improvement if a viable programme of rural industries was to be carried out. It was, therefore, necessary, the committee felt, that a small and compact research groups would be constituted for not only conducting research into selected problems but also collecting and disseminating the results of research being carried out in different institutions concerned with rural industries. It would be useful if a technological research institute for small industries is set up to conduct research into problems of appropriate technology for rural industries and to assist and advise the rural industries commission and state rural industries boards with regard to the technical problems of development of rural industries.
The National Committee (1975) on Science and Technology Panel’s Report on Khadi and Village Industries while giving statistical data on growth of production and employment in several rural industries pointed a gloomy picture of these industries as a source of employment in Industrialization. The report showed that the compound growth rates of employment in these industries, as compared to the growth of output were very meager.

In a study of “Rural Industrialization in India”, Bepin Bihari (1976) examined problems, possibilities and perceptive 8 of rural industrialization and discussed the crisis in India villages, the need for the new strategy of rural industrialization and the provision of fuller employment in rural and small scale industries and technologies. He traced out agricultural development, encouragement to village and small scale industries and general awareness for incorporating appropriate technologies as principal sources of impetus to the programme of technological transformation in rural India. Further he reviewed various measures taken by the government towards rural industrialization, local industry growth, and agro-based industries, rural cement plants, utilization of animal waste and harnessing natural power. Citing Chinese example of integrating individual activities with socially desirable goals of communities He suggested selection of technology, rural utilization of newer technologies as suitable strategies of rural industrialization.

The Village and Small Scale Industries Committee Report of 1955, popularly known as the Karve Committee (1956) Report, deals with an employment oriented strategy of industrialization. The committee notes that since a substantial number of the unemployed belongs to village and small industries group, setting up of small scale and village industries will provide employment to them in occupations in which they have been traditionally trained and for which they possess equipments. The committee realizes the necessity of introducing better techniques in the village industries, so that they can keep pace with the progressively expanding economy and do not become unsuitable tomorrow, but the improvement in techniques can be permitted only so long as it has no “deleterious effects” on employment.

The Scheduled Castes and Scheduled Tribes Commission (1960) (Dhebar Commission) report stated “If the problem of distribution or subnormal standards of living in
the tribal areas is to be tackled, it can only be possible through the development of village and cottage industries. The theory of percolation of prosperity would be sound if there were no handicaps of illiteracy or disparity and the bottlenecks inherent in an acquisitive type of economic frame work". The committee also stressed that wherever there are raw-materials and a market available locally or outside, the principle should be that the raw material should not go out as raw material but should go as a processed article unless the cost is uneconomic or it involves technical or transport problems beyond the reach of administration of tribal areas.

The Government of India appointed a review committee (1987)⁶ popularly known as KVIC Review Committee under the chairmanship of M.Ramakrishnaiah to examine the role played by the Khadi and Village Industries Commission as an apex level organization in fulfilling the functions and tasks assigned to it. The committee was appointed to suggest new ways and means of harnessing science and technology to meet the requirements of Khadi and Village Industries sector and any other measures which are considered appropriate by the committee recommended that the need for Khadi and Village Industries Commission to adopt a market approach to the problems of raw material supply, technology, training, packing, processing and pricing etc. The committee also recommended that the Khadi and Village Industries must be approached not merely from the sentimental or historical angle but in consonance with socio-economic considerations. The boards must meet twice a year and assist the commission through special committees that may be formed to examine select issues in-depth and suggest practical solutions to problems of coordination technology, marketing, institutional finance etc. The committee also suggested that Khadi and Village Industries Commission’s general policy should be to encourage the different village industries. The policy may be either positive or protective. Apart from the many recommendations, the committee suggested ‘KVIC People’s Educating Programmes which can be made more meaningful if the schemes are carefully selected and empirical studies are promoted in support of the policy aspects that are sought to be protected.

J.D.Sundaram (1970)⁷ made a study about the schemes and programmes of the Khadi and Village Industries Commission in the task of rural development. The study reviewed the writer’s ideas of the subject, based on the critical appraisal of the efforts made for the promotion and development of various village industries for the welfare and progress of rural
India. The writer rightly stated that India's efforts at decentralized development have not been allowed to proceed beyond the experimental state with political consciousness increasing rapidly. It is time now to do some serious rethinking about our planning and giving priority to various rural industrial development programmes. In this context the author presented Gandhiji's concept of decentralized economic development and gave an analytical review of the range of problems besetting this task. He also surveyed their prospects the various hurdles faced by them and evaluated their success and failures. The author also held the view that the Khadi and Village Industries Commission, instead of being confined to the formulation merely residual programmes, should be allowed an ample scope to plan the development of Indian rural economy on such lines as would ensure the realization of Gandhian ideal in a greater measure than possible at present.

L.N.Bhattacharya's (1976) study is a socio-economic study of the Khadi and Village Industries before and after independence. The author analysed the functions of the Khadi and Village Industries Commission and put forth a good argument for the development of these industries, specially for developing countries like India where labour is abundance on the own hand and where centralization has been creating diverse types of problems on the other. He outlined the historical significance of the rural sector and showed how there was a close relationship and steady pace of development between the villages and the towns. He maintained that the economic structure of the towns and the villages was built up by the combined efforts of the agriculturists, craftsmen, artisans and traders. The author rightly observed that the industrial revolution in England flourished at the cost of India while the artisans of this country were wiped out from the industrial scene. The Swadeshi Movement revived rural industries and Khadi came to be regarded as the new revolutionary variant of the age old textile industry. The practical and theoretical utility of the feasibility study has been dealt with and has asked if a sound feasibility study can help in setting up a viable unit for evaluation. He also discussed the problems of entrepreneurship and how far these could be simplified. In answering the question due importance has been given to the significance of industrial estates in rural industrialisation. The author has also stated the need for the development of rural industries in India. The study also reviewed the responsible agencies for the development of rural industries, the nature of the problems of rural artisans and the important crucial factors that need to the considered in feasible study for rural industries in
the development of backward areas by collecting information and date from secondary sources.

A joint study team (1976) on the “Special Scheme of State Bank of India for Financing Small units Located on Rural Industries Project Areas” conducted by the Reserve Bank of India on a sample basis covering 130 branches of the bank had revealed that awareness of the scheme among the bank managers is poor and the period of loan varied between 2 and 5 years without any provision for initial moratorium, as against the repayment period of 7 to 10 years with an initial moratorium of 12 to 18 months. Further it was revealed that the credit requirements of the borrowers has not been liberally assessed taking into account the fixed and working capital requirements along with provisions for contingency and consumption loans as provided in the scheme. The problem not only related to percolation of the liberal policy to grass root level but also of attitude leading to casual approach, underfinancing, shorter repayment period and absence of periodical review and follow up. There is considerable hesitation in allowing the initial moratorium and liberal repayment period, perhaps on account of the fear that the borrower would misconstrue this as no obligation to repay as regular contact with a large number of loans is difficult to maintain.

S.N.Bhattacharya (1980) studied the economic growth and its problems in five backward districts of north Bengal and called for “a new orientation to our industrial policy, drawing upon the tenets of the Gandhian philosophy of production by masses and economics of relative resource (including labour) endowments in the country in order to encourage, units of appropriate processes and sizes”. His argument is that the potential for developing smaller and more dispersed agro-related industries should be systematically identified for each local area and exploited to the full.

Bhagavathi Prasad and Erasi (1988) made an empirical study on “Fixed Assets Management-An unknown dimension leading to sickness in small scale industries”. The study examined about the extent of investment in fixed assets in SSIs. The main findings of the study are the investment in the fixed assets and SSIs with higher investment utilized the fixed assets more efficiently compared to others. The study concentrated only on fixed assets management which is an important aspect of small industry management.
Myrdal (1968)\textsuperscript{12} advocated a case for development of Rural Small Scale Industries, when he favoured adoption of a predominantly labour intensive techniques for industrialisation of developing countries which poses a large volume of unutilized labour capable of creating capital and increase in production.

Bhagavati Committee (1973)\textsuperscript{13} opposes fast introduction of mechanization designed to replace human labour but at the same time, recommends introduction of sophisticated technology in certain areas. The Committee recommends reduction to the maximum extent possible in the installed capacity in various industries in order to generate employment in the industrial field. The Committee virtually favours creation of employment at any cost without going into the economics of the scheme.

L.C. Jain's (1980)\textsuperscript{14} paper discusses some policy and programme measures necessary for the fuller development of decentralized industries. The paper is in three parts. Part-I presents the social and economic rationale for encouraging decentralization of industry and assisting the development of village and small industries in the Indian context. Part-II is devoted to comments mainly critical on past performance of official measures to encourage and strengthen the small and village sector and presents a series of suggestions for more positive action in the future. The last section briefly discusses the special problems of development of decentralized industries in backward areas.

On the basis of figures collected from census of Indian Manufactures, 1956 and studies prepared by the perspective planning Division of the Planning Commission in respect of capital, labour and output relations in various industries, Dhar and Lydall (1961)\textsuperscript{15} arrive at the finding that although small enterprises appear to employ less capital per unit of output, in general the most capital intensive type of manufacturing establishments I the small factory using modern machinery and employing up to 50 workers. They, therefore, conclude that the issue of choice between large and small industries for the purpose of an employment oriented industrialization strategy is largely irrelevant and it should aim at making the best use of scarce resources instead of aiming at creating employment for the sake of employment.

N.C. Chakravarthi (1965)\textsuperscript{16} in his study "Surveys and Plans for Rural industries", Stated that no internationally accepted standards have been developed in the field of rural industries. He opined that in respect of many of the surveys carried out in the field of rural,
rural industries, details of organizational procedure and technical methodology are also not readily available. According to him, in many underdeveloped countries there is a pressing need for attention being given to the development of rural industries for the purpose of improving the socio-economic conditions of the rural population. But the local official and other social workers find it difficult to take action for want of a suitable simple manual. This study is intended to meet this need. Attempts have been made to make it as simple and non-technical as possible so that it may be used, in the absence of workers with proper training and wider experience, as a guide to those who may be called upon to collect facts and materials in respect of rural industries for purposes of preparation of suitable plans for the development of such industries and further, to set up suitable organizations for the purpose of such surveys and development.

Sudharshan Lal (1966) in his study ‘Rural industrialization in Retrospect’ reviewed in brief the experiences of the U.S.A., the U.K., Italy and Japan, all of which have similar problems of geographical distribution of industries. While reviewing the experiences of other countries the author reviewed specially Japan’s experience which is more identical to Indian conditions. He stated that in Japan, small producers are located in country areas, and temporary and seasonal work is provided to the rural labour in small establishments. In spite of this, it is estimated that 4 to 4.5 lakh people will have to migrate to urban areas to seek employment in non-agricultural vocations. In the light of experience in other countries, the author expressed that the programme of balanced development and industrialization of rural and backward areas is full of stresses and strains. Even in India, the experience about dispersal of industries has not been very encouraging.

Sigurdson (1977) who made a case study of rural industrialization in China, has found that rural industries, as a component of overall strategy of employment-oriented industrialization have miserably failed to satisfy the employment aspirations of the people. In support, he cited the figures from Zunhua country, where more than 85 per cent of the total work-force still depends on agricultural operations, which even for a developing agricultural economy is too high. On the other hand, Jan Deleyne, on the basis of detailed and objective studies of China’s economy, arrives at the conclusion that the creation of small industries constitutes the only means of creating a large number of jobs for the young people coming on to the labour market.
In the study of "Rural Industrialization in India", R.V. Rao (1978) referred to the various measures taken up for benefitting rural poor and investments made to develop overall economy of an area. This study reviewed the village industries movement and suggested appropriate technology for the development of rural industries. It is recommended that in order to eradicate the problems of rural India there should be an integrated development which includes not only agriculture but also decentralized rural industries to provide work to agriculture labourers, small and marginal farmers and others. It also referred to Gandhian Economic thought and rural industrialization in Gandhian way. The study also covered various rural industries projects in state and central government incentives and subsidies to industrially backward districts of Andhra Pradesh.

The findings of the Joint Study Team (1985) on "The Special Scheme of State Bank of India for Financing Small Units Located in Rural Industries Project Areas-1985" were examined in detail by Khusro Committee in order to look into the wider policy issues and problems of lending to Village and Small Industries (VSI). The committee had suggested intensive training and recognized that branch manager is the central to the success of developmental efforts including flow of credit to VSI sector. The committee recommended that besides other parameters, the performance of the officer should be judged in terms of initiative taken in extending coverage to VSI sector. It also suggested that 'employee appraisal system', wherever necessary, should be modified suitably keeping in view the risk of failure inherent in lending under this sector, particularly security for activities where viability may depend to a large extent on factors beyond the control of the borrower.

The Reserve Bank of India's (1980) survey dealt with the sources of finance with special reference to institutional financing of small scale industries. An attempt is made to examine from the demand side the extent to which financial institutions meet the requirement of small scale industries and from the supply side to analyze the development of institutional credit to the small scale sector according to the size of the units, their location in rural and urban areas, type of organization etc.

The results of the survey reveal that the internal resources formed a smaller proportion of total net assets (28 per cent) for small scale units than for medium and large
public limited companies (41 per cent). A number of policy implications useful for the promotion of small scale units were presented in the analysis.

Kanvinde (1980)²² provides some thoughts on rural industrialization and appropriate technology. He says that the planning for rural industrialization has not yet been well developed in the country particularly in view of expansion of employment opportunities. Among problems and suggestions the author felt that marketing of products is crucial to the viability of any programme of industrialization. Selection of labour-intensive technology will have to be based on a careful study of the market demand for products. In the credit planning exercises he felt, that the bankers should also be associated with the grass root level planning.

Rastogi (1980)²³ conducted a case study of Madhya Pradesh, which he calls a unique case of growing unemployment and poverty amidst plenty. He is in favour of only small scale and village industries which make optimum use of indigenous resources and techniques. According to him, there are many items which can be produced in rural and small scale industries more economically than in large scale sector.

Shrinivas Y.Thakur (1985)²⁴ has discussed the strategy and approaches to rural industrialization emphasizing the need to finance the rural industries (particularly the small scale industrial units) for increasing the labour absorption and generating the income in the rural areas to attain the development of the rural areas.

Sundera Raj (1980)²⁵ explained from the demand side, the extent to which financial institutions could meet the requirements of small scale industries, and from the supply side, it analysed the deployment of credit to these units according to their size, location and type of organization. The main findings are: (i) internal resources formed a smaller proportion of total net assets for SSIs (ii) borrowings and trade credits were higher in SSIs and (iii) major proportion of institutional credit was deployed in other than backward areas. The study concentrated more on resources of financing rather than on financial problems of SSIs.

Sen (1962)²⁶ in his study focuses on the problems of choice of techniques employed in production. His book concentrate on those problems concerning selection of techniques employed in production in the under developed countries. He arrives at a point that handlooms or power looms suffer a lot in this connection as the choice of technique seems to be a genuine socio-economic.
Moulik and Purushotham (1980)\textsuperscript{27} Khadi and Village Industries sector which has the potentiality to generate employment opportunities at a low capital outlay by harnessing the existing skills of village artisans offers a profitable alternative. The relevance of this sector in our economic development can also be traced to its capacity to

(i) provide work opportunities to people at their own doorsteps and to prevent the job motivated rural-urban migrations;
(ii) retain self-employed character of labour force in the enterprise;
(iii) offer flexible work norms and
(iv) ensure the universal participation of family members in the enterprise. This paper examines the trends in the operation particularly employment generation in the sector and seeks to identify the factors underlying these trends. The data are limited to the published information by the Khadi and Village Industries Commission.

Papola's (1981)\textsuperscript{28} paper examines critically the concepts of rural industrialization and rural industries and poses the problem of rural industrialization in a contrasting frame-work either as a problem of the spatial diversification of industries and therefore, a part of the problem of location of industries in general or as a part of the process of rural development providing employment to the rural people and meeting their basic needs as the primary objectives. The paper examines the implications, attributes of each of these perspectives and goes on to argue that rural industrialization should be seen not simply as a way of providing some kind of employment of the rural people in order to prevent them from migrating to the towns but as a dynamic element in the process of raising productivity and income of the workers in the rural areas. The author also examines the policy of rural industrialization in India to argue that the approach to the problem has been one of preservation rather than that of modernization i.e., establishment of linkages with the industrial sector in order to promote the development of rural areas and to provide better-paying employment to the rural people.

Tendon (1977)\textsuperscript{29} analyzing data published by United Nations Agencies and Government of India, arrived at the conclusion that an employment oriented strategy of
industrialization should not only aim at providing jobs maximized output but also conserving foreign exchange and improving the distribution of income to achieve all these objectives. Tendon was of the opinion that in the first phase of development, the traditional and intermediate techniques may work together, but the later should gradually replace the farmer. In the final stage, modern and sophisticated technology alone would serve the purpose.

Biswañth Golder (1988) analyzed the technical efficiency of 37 small scale and large scale industries. He found that the SSIs have low productivity and high capital productivity. He inferred that the small scale sector is inefficient relative to large scale sector. He found that the relative efficiency of SSI varies directly with capital development, so that the SSI cannot rely upon as a source of efficient generation. The analysis suggests that large scale units are better than the small scale units.

Ommen (1972) examined the emerging pattern of entrepreneurship in the Small Scale Sector of Kerala by studying the origin and growth of firms in the light engineering industry and the impact of government programmes like industrial estates and rural industries project on entrepreneurship. The study was based on the data collected from 45 entrepreneurs and found that engineers and technicians formed the single largest group of the entrepreneurs.

The Rural Small Industries Extension Training Institute SIET (1974), Hyderabad, conducted a survey of small units situated in the twin cities of Hyderabad and Secunderabad. The study analysed the reasons for starting industrial units by interviewing 61 entrepreneurs. The study revealed that Economic gain was the most important reason for the starting the small industrial units followed by "ambition", "social prestige" and "social responsibility" in that order. The study revealed "capital shortage" and "Government redtapism" as the most discouraging factors. The study further showed that younger age, Formal education, Urban Background, Experience in industry, high scores in levels of aspiration, risk taking and adoption propensity were some of the characteristics that were positively associated with the quality of entrepreneurship.

Government of India (1977) also constituted a working group on Rural Small / Scale Industrial Sectors with special reference to the District Industries Centres (DIC), under the chairmanship of Tambe. The group recommendations relate to the provision of institutional
finance to village and cottage industries, artisans, tiny sector units and small scale industries, these recommendations have been accepted and communicated to the commercial banks for implementation.

Gangadhara Rao (1978) had made a detailed and an in-depth study of the Rural Small Scale Units located in the industrial estates of coastal Andhra Pradesh and attempted to evaluate the impact of the programme of industrial estate on the emergence of entrepreneurship in the small scale sector. The study found that educational and income levels are important factors motivating entrepreneurship of all the ambitions. Money making is the major ambition of the entrepreneurs.

The Small Industries Extension Training Institute (1980) conducted a study on "Impact of Concessional Finance on Industrial Development of Backward Areas." on which the Rural Small Scale entrepreneurs were selected as sample. It was observed that the entrepreneurs presented the procedural delays in sanctioning of loans and insistence on collateral security, and solvency certificate. As regards the underdeveloped areas, it was observed that the growth in number of units and increase in fixed capital alone may not create the necessary impetus for growth unless considerable productivity changes are also effected through fuller capacity utilization. The causes for under utilization of capacity were mostly insufficient demand and inadequate financial resources for working capital. The study confined itself to backward areas, and it also failed to look into unit level financial problems of small scale industries.

Manohar V. Deshpande (1984) made a survey on 1900 small industrial units in the Marathawada region of Maharashtra in 1982. The study among other things evaluated the socio-economic origins of the entrepreneurs and the problems faced by them at various stages. It revealed that caste, family occupation and father's occupational status are important for entry into the business of manufacturing. It was also found that the government support system can play an important role in expanding the entrepreneurial base. There is also a need to broad base the Government support system because it was observed that the upper strata of the society has availed most of the benefits created by the government agencies.

Pathak and Mohapatro (1987) study of rural industrialization in Koraput district of Orissa was based on the view that a study of potentialities of rural industrialization would
serve as a guide for a development plan. They employed eleven indicators to gauge the socio-economic backwardness of the district as compared to that of the state. The findings include the household industries show a greater tendency to procure raw materials from local areas, exhibit local bias in marketing, profit margin is high: certain industries are capital-intensive, running on small scale for lack of demand, shortage of raw materials, working capital, power etc. Finally, they concluded by pointing out that the development of any area whether in terms of agriculture or industry cannot be an isolated phenomenon. The economic performance is linked with several factors.

Sandesara (1988) while reviewing the Indian experience with regard to rural small scale industries concluded that the programmes of assistance to Small Scale Industries have been more attractive than they were before. At the same time he felt that there is a tendency to give more assistance to the units once selected rather than to those for which it is absolutely necessary and it has resulted in waste of financial assistance.

Sathyanarayana (1989) has studied the pattern of industrial development of large, medium, small scale and village and cottage industries for a decade from 1974-75 to 1984-85 and examined the catalytic role played by the DIC in industrializing the rural areas of backward and drought prone district of Anantapur. It has been observed that the impact of the DIC was very small in respect of promotion and development of either small scale industrial units or village and cottage industries in Anantapur district. With regard to the assistance a few entrepreneurs seemed to have received the requisite help from DIC. Further the study concludes that the role of DIC depends also on the personality of its General Manager. The DIC could not explore the talent entrepreneurial and nurtured for the good of the district.

Ojha (1989) while analyzing the aspects of financing of the rural small industries has stressed that the extension of finances for the small scale industrial units has to be increased and the support services have to be provided for augmenting the development of the small scale industrial sector.

John Page (1979) in his survey relating to small scale enterprises in several African countries examined the role of small scale industries in entrepreneurial development and the policy environments affecting these enterprises and suggested review of the policies in the light of experiences gained from the survey.
Ram K. Veps (1988) reviewed the progress of rural small scale sector over the last three decades and identified some key areas like technology support, credit flow and market assistance which need rather greater attention on the part of policy makers in order that small scale sector may meet challenges posed by the modern technologies successfully.

Papola (1982) study is based on a detailed survey of Varanasi and Gorakhpur Districts in Uttar Pradesh including the growth, performance, employment, output and productivity of rural industries. It outlined alternative approaches to rural industrialization and provided a framework for the assessment of potentials of different industries in the development of rural areas and in the industrial development of the country. He suggested that the scope of several studies on the financing and other aspects of rural industrialization particularly considering the small scale industrial units at various levels have been made by the researchers at different points of time.

Patel's (1983) paper stresses the need to promote rural artisans, village crafts and cottage industries as they can contribute substantially towards economic and social uplift of the large chunk of our population that is rural. He observed that for the exploitation of full potential of the village industries an integrated approach is necessary since these traditional skills have been retained by the craftsmen of different regions face various problems that need to be solved in a co-ordinated manner. It was, therefore, suggested that a detailed analysis be carried out relating to their performance over the past ten years so as to identify their specific problems and to take suitable measures to remove them. Attention should be drawn towards the need to bring about the suitable technological changes, which lead to production of better quality goods thereby increasing the income level of workers. He has felt that the various organizations have to play a positive role towards this end and the financial institutions should come forward with easy credit facilities.

Grover, Dak and Sharma (1983) attempted to examine the socio-economic determinates influencing the survival or expansion of rural industries by studying the registered industrial units covered under the rural industries project in three districts of Haryana during 1982-83. The analysis of the data revealed that 73.5 per cent of the total industries were traditional each included handloom, carpentry and black-smithy, bag-making, shoe-making and basket making. These traditional industries were mostly inherited (81.6%);
among the non-traditional industries only a small portion (28.3%) was inherited. The latter include agricultural implements, readymade garments, oil and cotton, brass utensils, steel furniture, candle making, flour mill soap making and bandage making. The evident domination of traditional form of rural industries has compelled rural artisans to continue their trade and to work mainly as agricultural labourers to supplement their income. This fact gets ample support in the study which shows that about two fifths of the entrepreneurs are engaged in some occupation other than the craft and in overwhelming proportion (80.8%) it is agricultural labour. On account of the traditional characteristics most of the rural industries, could not make much headway in respect of their expansion. The state policy efforts since independence to promote rural industries have benefited much the non-traditional industries. Only 17.5 per cent of the rural industries have availed all promotional facilities of the government. Hence, there is an urgent need to modernize the rural industries and to provide new entrepreneurs a package of services ranging from the selection of industries to marketing on the scale extension service in agriculture.

Sen (1987) in his work on Rural Industrialization in India studies about various aspects of rural industries with particular reference to Orissa and Tamil Nadu states. According to him poverty can be attacked only by providing gainful employment opportunities to the masses. Large scale industries have failed to solve the type of unemployment that we have as large proportion of idle manpower is concentrated in the rural areas. In the past it was believed that rural unemployment could be tackled through agricultural development. But the green revolution in many states showed the benefits of agricultural development are not enjoyed by the entire rural folk. In its context he suggested that rural industrialization has to be considered a remedy too many of the rural ills.

Patnaik (1988) in his study “Industrial Development in a Backward Region: Dynamics of Policy” emphasized on industrial growth, policy needs and institutional reforms in the state of Orissa in particular and India in general. He discussed the present framework of integrated rural development schemes of Orissa and stated that industrial development programmes are weak, both in articulating, formulating projects and also in their implementation.
Ramakrishna Sharma (1982) made a comprehensive study on growth and problems of small scale sector in Andhra Pradesh. He observed that the backward districts of the state improved their relative position in terms of units, employment and capital during 1966-75. The study further observed that a majority of the small units are confronted with the problems of raw material and finance.

Sundari and Manimekalai (1990) have assessed the “Role of DIC in Promoting Entrepreneurship in Trichy District, Tamil Nadu.” In their research paper only an attempt is made to study the performance of DIC in promoting entrepreneurship in rural small scale industries. The study relates to the number of industrial units, capital invested, value of production and employment for the period to the establishment of DIC and after. It also highlights the structural change in the small scale industrial development with the introduction of DIC.

Venkata Subba Reddy (1990) has reviewed the progress of village industries in Kadapa district of Andhra Pradesh. He has examined the efficiency, performance and problems of village industries. He observed that the artisan complexes and industrial co-operatives have been 'given due encouragement while setting up but failed to gear them up to dynamic functioning, support of finance, raw materials, marketing, technology product mix, power supply and non-effectiveness of artisan complexes and industrial co-operatives are some of the problems of village industries in Kadapa district. He suggested that the dormant industrial co-operatives have to be revitalized so that the artisans could get various support services through better co-operation and coordination between and among the DIC, State Khadi and Village Industrial Board Cooperatives, and other concerned Government departments and organizations.

Prasad (1991) analyzing the problem faced by the small scale industrial units has suggested that the increase of the provision of raw material and other inputs facilitates the growth of the small scale industrial units. Though these studies have covered the various aspects of the development of the small scale industries, there are no specific studies on the small industry development in Andhra Pradesh and particularly with reference to Kadapa district. Hence, an attempt is made in this study to examine the small industry development in Andhra Pradesh, particularly with reference to Kadapa district. Krishna Kumar (1997)
has analyzed that the economic development can be sustained through the process of industrialization, especially by developing the small industry by including the talents of entrepreneurship which results in augmenting the growth possibilities, so as to realise more value added for investment while reducing the unemployment.

Nagaiah (1998) carried out a field survey in 1994 covering responses from nearly 500 small scale entrepreneurs from different parts of the country marching towards crucial problems in the near future. Though there has been a slowdown in the growth of industrial development and exports during (1996-98), small scale entrepreneurs have been able to demonstrate high degree of resilience and perform exceedingly well in the recent years by taking advantages of the opportunities presented by liberalization policy. The study recommended an eight-point action plan for implementation to meet the challenges of the emerging situation in the years to come. It is well brought out that the action plan would be more necessarily useful in taking appropriate decisions to accelerate the growth of modern SSIs in the country.

Vasanth Desai (1998) inferred that SSIs have gained importance and preference irrespective of their form-formal or informal, visible or invisible, urban or rural. In the developing countries, SSIs are given priority. His book has also clearly pasteurized the small scale being caught in the winds of change ushering in the industrial culture. According to Desai, the development of scale enterprise, generally, creates substantial employment industries and has become a source of generation of income for low groups. Gopal Swaroop (1999) explained illustratively a systematic lending to small scale industries. He explained the tools used for lending. Appraisal of loan application and the financial requirements of SSIs in a scientific manner have been explained. Khannan (1998) expressed the view that credit continues to be a decisive factor (calling for attention and augmentation credit serves to be an impetus for rejuvenating small scale sector. SSIs have proved their effective performance by recording the highest ever growth in terms of production, exports and employment generation in the process of economic development of India.

Mitra (1998) observed that the factors affecting the flow of credit to the SSI sector can be broadly categorized in to two segments. The first set of factors indicates shortcomings inherent to SSI sector such as a weak financial base, which eventually prompts the
entrepreneurs to bring in funds by way of loan rather than capital improper maintenance of books of accounts’ inability to provide collateral security delay in payments by the larger unit and lack of financial data required by banks/financial institutions. Kulkarni (1999)\(^8\) opined that SSI sector occupies an important position in the industrial economy of the country because of advantages of low investment, high potential for employment and wider dispersal of industries in rural and semi-urban.

Valsamma Antony (2002)\(^9\) in his article titled “Prospects and Growth of Rural Industries in India: An Overview”, observes that adequate and timely availability of working capital and marketing avenues for the Rural SSI products should be ensured for improving their competitive strength in the domestic and global markets. There is a dire need for providing better information and efficiency networking for the rural SSIs besides development of quality infrastructural facilities. Jaya Krishna (2004)\(^6\) in his study on “World Trade Organization and its Implications on Rural Industries in Karnataka”, assesses the entrepreneurs’ awareness of both qualitative and quantitative information, from 30 randomly selected entrepreneurs during May-June 2002, in and around the rural and urban areas of Bangalore. His conclusions are

a. The nature of activities is dominant by rural industries.

b. Perennial activity dominates over seasonal activity

c. Young generation entrepreneurs employ more managerial staff than the old generation entrepreneurs.

d. Entrepreneurs are facing sanitary and phytosanitary problems

e. Small scale industries are facing competition from large and medium scale industries outside the State rather than within the State and

f. Entrepreneurs are experiencing the impact of WTO and its agreements across the year of establishment and generations. However, their awareness of the WTO agreements and their implications is poor.

According to Balasubramanyam (2005)\(^6\) due to globalization and liberalization, Rural SSI in India finds itself in an intensely competitive environment. This resulted in decrease in growth rates in terms of units, employment, output and exports. The declining
trend is interpreted to reduced economic infrastructure and credit, technology obsolescence, inferior quality and low productivity of rural SSI units compare to large scale industrial units.

Ramachandra Rao (2006) in his study observed the declining share of commercial bank credit to the Rural SSI vis-à-vis the non-SSI sector in the post reform period. These results indicate the high incidence of bad loans. The pronounced decline in SSI advances is interpreted to the declining share of rural SSI loans of commercial banks. The study of Ramappa and Basavaraj (2006) on "The Impact of Liberalization on SSIs" opined that the government of India had put the whole SSI sector into hot water due to the new economic policy. The study made a compressive picture of the data before liberalization (from 1980-81 to 1990-91) and post-liberalization period (from 199 1-92 to 2002-2003). The study concluded to evolve a policy of easy credit, marketing, increase in tax free period, reservation of products for manufacturing, delicensing, upgradation of technology policy to liberate the SSI units in the country.

Small Industries Development Bank of India (1999) made an attempt to analyze the relative efficiency of small scale sector using aggregate time series data for the period 1981-87 to 1994-95. The results unearthed that while small scale industries have higher capital productivity than the large scale industries relative total factor productivity in rural small scale industries is lower than in large scale industries. Relative total factor productivity in small scale industries is generally greater than one over the study period thus indicating higher productivity in Small Scale Industries compared to large scale industries. In addition, the small scale sector has higher profitability as compared to large scale sector. Joseph Xavier (2000) conducted a study on "The Contribution of Commercial Banks in the Development of Rural Small Scale Industries in Tiruchirappalli District, Tamil Nadu". The performance efficiency of SSI units was studied with the help of financial ratios with a view to analyze whether financial assistance from commercial banks had helped them to improve their network and profit.

Cheena and Bala (2001) studied the relative technical efficiency of rural small scale sector in India by applying mathematical programming techniques on the time series data for the period 1973-74 to 1996-97. The empirical results suggested that Indian small scale sector has been, for the most part, technically efficient. The study also brought into light that both
small and large scale sector have adjusted to the new technologies since 1990, which is
evident from an asset in technical efficiency during the intensive-liberalization phase. Vepa
Kamescon (2002)⁶⁷ Deputy Governor, RBI in his inaugural address at / symposium on
“Winnings Strategies in SME Finance (2002)”, pointed out that the major problems faced by
SSI sector relate to availability of loan with collaterals, delay in getting the loan, high cost of
funds delayed payments, marketing problems and W.T.O. related issues.

Narendranath (2003)⁶⁸ noted that the banks, despite the intervention of RBI and the
Planning Commission, who have been showing some concern over the shrinking of
availability of credit to SSI Sector, have been unrelating in recent meetings and insisted that
they would enjoy the discretionary freedom in lending to SSIs. Bodla (2004)⁶⁹ opined that
considerable delay in settlement of dues/payment of bills by the large scale buyers to the SSI
units adversely affected the recycling of funds and business operation of SSI units. Though
the government has enacted, the delayed payments acts many of SSI units are to pursue cases
against major borrowers. He observed that the Small Scale Sector is in no way inferior to
large scale sector in the utilization of resources. Surprisingly, the problems concerning
finances marketing and technology have emerged as more serious ones despite the
continuous efforts made by the Government.

Units”, opined that rural-based industrial units have proved to be more efficient in generation
of employment with low involvement of capital as compared to their urban counterpart.
Moreover, the stronger units with higher investment in fixed and working capital generate
Implications on Small Scale (Industries in Karnataka”, assesses the entrepreneurs’ awareness
of both qualitative and quantitative information, from 30 randomly selected entrepreneurs
during May-June 2002 in and around the rural and urban areas of Bangalore. His conclusions
are: a) Perennial activity dominates over seasonal activity, b) Young generation
entrepreneurs employ more managerial staff than the old generation entrepreneurs, c)
Entrepreneurs are facing sanitary and phytosanitary problem, d) Small Scale industries are
facing competition from large and medium scale industries outside the state rather than
within the State and e) Entrepreneurs are experiencing the impact of WTO and its agreements
across the year of establishment and generations. However, their awareness on the WTO agreements and their implications is poor.

Balasubramanya (2005) mentioned that due to globalization and liberalization, SSI in India finds itself in an intensely competitive environment. This resulted in decrease in growth rates in terms of units, employment, output and exports. The declining trend is attributed to reduced economic infrastructure and credit and technology obsolescence, inferior quality and low productivity of SSI units compared to large scale industrial units. According to Luken and Stare (2005) in many developing countries small and medium sized enterprises (SMEs) that are in the field of exports are facing a dilemma. They do not know how to respond to the rising social and environmental requirements of global supply claims.

CUCTS International (2006) study on globalization and small scale industry examined implications of liberalization policy on sick industry. In order to become competitive, the Indian Small and Medium Enterprises (SME) sector needs to move up to higher value added outputs and attracts more investment in terms of Foreign Direct Investments (FDI). As ‘faster will eat slower’ rather than ‘big will eat the small SME sector requires facilities in terms of infrastructure, raw material, linkages with machinery supplies and credit facilities, regional markets, entrepreneur-friendly policy with respect to excise duty, Value Added Tax (VAT) and abolition of octroi tax. Ramachandra Rao et al. (2006) in study found that there is declining share of commercial bank credit to the SSI vis-a-vis the non-S SI sector in the post reform period. These results indicate the high incidence of sick loans. The pronounced decline in SSI advances is interpreted to the declining share of SSI loans of commercial banks.

The study of Ramappa and Basavaraja (2006) on ‘The Impact of Liberalization on SSIs” observed that the Government of India had put the whole SSI sector into hot water due to the new economic policy. The study made comprehensive picture of the data before liberalization (from 1980-1981 to 1990- 1991) and post-liberalization period (from 1991-1992 to 2002-2003). The study suggested evolving a policy of easy credit, marketing, increase in tax free period, reservation of products for manufacturing, de-licensing and upgradation of technology to liberate the SSI units in the country. Fuxin Jiange and
Chunping Zhou (2006) studied that the small enterprises have pushed China's economic transition forward, but felt China's small enterprises are also still in a transition themselves. The study concluded that the prospects of SSI in China are positive with the process of China's economic transitional reforms in terms of factor endowment structure, industries structure, specialized cooperation and support front China's Government.

Nirankar Srivastav and Ricky, A.J. Syngkon (2007) stated that the number of SSIs are growing in the state in a significant manner. Meghalaya's economy has begun to join the process, which is known as preliminary stage of "Industrialization". At this stage, it is not possible to take full advantage of technology and economics of scale by the existing SSI and the economy at large. As a result, in the present form this sector is not in a position to contribute to the growth of state economy in a big way. It appears that unexploited sources, scale of economies/positive-externalities, technology applications and research and development could become the key factors for the further growth of the economy of Meghalaya. It is recommended to develop additional industries in the state that lead to the full exploitation of economies of scale and technical advances to lead the state to a solid, stable and sure progress.

Tirthankar Roy (2008) in his articles on "Labour Institutions, Japanese Competition and the Crisis of Cotton Mills in Interwar Mumbai", expressed that India and Japan are leaving centres of the cotton textile mill industry, Mills in India. According to him, found hard to deal with competing from Japan. Several contemporaries attribute the outcomes to the industriousness of the workers. He concluded that neglect of training is the major reason for legging behind with Japan in competition. Kanchan Chopra and Purnima Dasgupta (2009) in their study "Nature of Household Dependence on Common Pool Resources: An Empirical Study" opined that households are spending more time on collection from forest resources. They tested the hypothesis and proved that households collecting forest resource for sale purpose improved their income. They concluded that collection for sale is an option and can increase income of households in Bihar, Karnataka, Madhya Pradesh Maharasthra.

Banikanta Mishra (2010) in his study on "Agriculture, Industry and Mining in Orissa in the Post-Liberalization Era: An Inter-District and Inter-State Panel Analysis" stated that liberalization process made Orissa potentially the most attractive destination for large
capital intensive projects by private sector firms. He critically analytically and empirically examined that agriculture, industry and mining sector. Basing on inter district and inter-state panel analysis, he highlighted the serious decline in the Orissa's agriculture sector which is the only significant determinant of per capita income in the state while the mining sector has flourished.

2.4 OBJECTIVES OF THE STUDY

The following are the important objectives of the study:

1. To study the origin, growth and development of Rural Industrialization in India;
2. To present the profile and development of Rural Industries in SPSR Nellore District;
3. To examine the socio-economic profile and pattern of select Rural Industries in SPSR Nellore District;
4. To evaluate the performance of finance, production and profitability of select Rural Industries in SPSR Nellore District;
5. To examine the employment potentiality of select Rural Industries in SPSR Nellore District; and
6. To study the problems and prospects of select Rural Industries in SPSR Nellore.

2.5 METHODOLOGY

SPSR Nellore District is purposively selected for the study because of the proximity and familiarity of the researcher. The study will make use of both secondary and primary source of data. The secondary sources include the data and information published in the Reports of Currency and Finance of RBI, RBI Bulletins, Economic survey, Statistical Abstracts, Annual Reports of planning Commission and Ministry of Industry, Annual Reports of SIDBI and Annual Survey of Industries. Reports of Directorate of Industries and SIDC, Hand book of District statistical and Annual Reports and Action plans of District and Financial Institutions in the District are also used.

The primary data covering all the aspects of rural industries units in accordance with the objectives of the study are collected through personal interviews with the entrepreneurs.
2.6 SAMPLING

Primary data has been collected from the rural industries in SPSR Nellore district, Andhra Pradesh. SPSR Nellore district is divided into three administrative revenue divisions, viz. Nellore, Gudur and Kavali.

All the rural industries in the district from 2001-2002 to 2010-2011 are listed out. A sample of 10 per cent was drawn at random covering all categories of rural industrial artisans belonging to different social groups (SC, ST, BC and OC) and different product lines. There are 3045 rural industrial units in SPSR Nellore District. From these 300 rural industrial units (equal to 10%) are selected for this study covering all categories, social groups and product lines.

From Nellore division 103 units, 99 units from Gudur division and 98 units from Kavali division have been selected totaling 300 units for the study. In selecting the sample enterprises, the researcher has used a sample technique known as “Stratified Random Sampling with proportional allocation”.

2.6.1 Distribution of sample rural industries by category-wise and division-wise

The Category-wise and Division-wise distribution of sample rural industrial units in SPSR Nellore district is presented in the table 2.6.1.

The table presents that in Nellore division majority of the sample industries are agro and food based (29.1%), followed by Khadi based (15.5%) and engineering and non conventional energy based industries. The percentage of the other industries is rather low. In Gudur division too division majority of the sample industries are agro and food based (25.3%), followed by 14.1 per cent each of khadi based and mineral based industries. In Kavali Division, unlike the other divisions, majority of the sample industries are khadi based industries (22.5%) followed by are agro and food based (20.4%) and engineering and non conventional energy based industries (11.2%). It is concluded that Nellore and Gudur divisions have agro and food based, khadi based (15.5%), mineral and engineering and non
conventional energy based industries whereas Kavali division has more khadi industries compared to Nellore and Gudur divisions.

Table 2.6.1
Category-wise and Division-wise distribution of sample Rural industrial units

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Category</th>
<th>Nellore</th>
<th>Gudur</th>
<th>Kavali</th>
<th>Total (N=300)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mineral based Industry</td>
<td>12 (33.3)</td>
<td>14 (38.9)</td>
<td>10 (27.8)</td>
<td>36 (100)</td>
</tr>
<tr>
<td>2</td>
<td>Forest Based Industry</td>
<td>8 (26.7)</td>
<td>12 (40.0)</td>
<td>10 (33.3)</td>
<td>30 (100)</td>
</tr>
<tr>
<td>3</td>
<td>Agro &amp; Food based Industry</td>
<td>30 (40.0)</td>
<td>25 (33.3)</td>
<td>20 (26.7)</td>
<td>75 (100)</td>
</tr>
<tr>
<td>4</td>
<td>Polymer &amp; Chemical Industry</td>
<td>10 (43.5)</td>
<td>7 (30.4)</td>
<td>7 (31.4)</td>
<td>23 (100)</td>
</tr>
<tr>
<td>5</td>
<td>Engineering &amp; Non-Conventional Energy</td>
<td>14 (40.0)</td>
<td>10 (28.6)</td>
<td>11 (34.5)</td>
<td>35 (100)</td>
</tr>
<tr>
<td>6</td>
<td>Textile Industry (Excl. Khadi)</td>
<td>5 (25.0)</td>
<td>7 (35.0)</td>
<td>8 (40.0)</td>
<td>20 (100)</td>
</tr>
<tr>
<td>7</td>
<td>Service Industry</td>
<td>8 (27.6)</td>
<td>11 (37.9)</td>
<td>10 (34.5)</td>
<td>29 (100)</td>
</tr>
<tr>
<td>8</td>
<td>Khadi Industry</td>
<td>16 (30.77)</td>
<td>14 (26.9)</td>
<td>22 (42.3)</td>
<td>52 (100)</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>103 (34.3)</td>
<td>99 (33.0)</td>
<td>98 (32.7)</td>
<td>300 (100)</td>
</tr>
</tbody>
</table>

Note: Figures in Parentheses are percentages to total
Source: Field Survey

Rural industries for the present study have been classified into eight broad categories.

1. **Mineral Based units**: RCC spun pipes, mosaic tiles, cement hollow blocks, crushed stone glass mirrors, laminated safety glass, synthetic gem cutting and polishing.

2. **Forest Based units**: Paper boards, saw mills, wooden furniture, tobacco manufacturing etc., are considered under forest industry.

3. **Agro & Food based Industry**: This group includes the units engaged in rice milling, flour milling, groundnut decorticating, groundnut oil extracting, oil crushing, rice hulling, and tamarind decorticating and making starch and Mango puli making and fruit canning.

4. **Polymer & Chemical Industry**: Manufacturing Polythene bags, laboratory chemicals, rigid PVC pipes industrial alcohol moulded plastic products, chicory soaps, writing ink, etc., are considered under this industry.
5. **Engineering & Non-Conventional Energy**: Carpentry, Black Smithy, Production of Voltage Stabilizer, Manufacture of Electronic Clocks and Alarm Timepieces, Umbrella Assembling etc., are considered under this industry.

6. **Textile Industry (Excluding Khadi)**: Embroidery, Carpet weaving, Traditional dresses, Hosiery, Tailoring and preparation of Readymade Garments, Batik works, Toys and Doll making etc., are considered under this industry.

7. **Service Industry**: Laundry, Barber, Plumbing, Repair of Diesel engines, Pump sets etc., Battery Charging, Art board painting, Cycle repair shops, Masonry etc., are considered under this industry.

8. **Khadi Industry**: Handloom weaving is considered under this industry.

### 2.7 TOOLS FOR DATA COLLECTION

A pre-tested schedule is constructed to collect the primary data from the sample beneficiaries relating to their socio-economic and educational background, factors responsible for selecting trade, bank finance, financial, production, distribution, profitability, employment potential and problems encountered by them.

A pilot study is conducted to elicit data from selected rural industries. In the light of the information obtained from pilot study, the schedule is modified accordingly and primary data is collected from the selected rural industrial units in the district.

### 2.8 TOOLS FOR ANALYSIS

The collected primary data is analyzed using appropriate statistical tools like percentages, ratios, Chi-square and analysis of variance. Since the magnitude of data is voluminous, use of computer is inevitable.

### 2.9 SCOPE AND LIMITATIONS OF THE STUDY

The present study is confined to analyze the impact of rural industries on employment generation. This may be applicable to SPSR Nellore District and also for creation of self-employment in India in general, that is where similar socio-economic conditions are prevailing.
2.10 PLAN OF THE WORK

The thesis has been well organized into 8 meaningful chapters and they have been presented below.

Chapter I Rural Industrialization in India presents rural industrialization in the pre and post independence era, policy framework, regional planning, industrial progress and five year plans, promotional agencies and industrial progress in India.

Chapter II is Design of the Study and Methodology elicits a brief outline of the problem, statement of the problem, Review of literature, Objectives of the study, Need for the study, Methodology, Sample design, Tools used for analysis of the data, Scope and limitations of the present study and Plan of the study.

Chapter III is Profile of SPSR Nellore District appraises profile, pattern and progress of rural industrialization in SPSR Nellore district.

Chapter IV Socio-economic profile and pattern of select Rural Industries in SPSR Nellore District denotes the analyses of socio-economic profile of select enterprises on the basis of primary data collected in terms of age profile of the select entrepreneurs, occupation, nature of production, educational status and social status, sources of raw materials, marketing and source of finance.

Chapter V Performance of Finance, Production and Profitability of select Rural Industries in SPSR Nellore District evaluates the performance, production and profitability of selected rural industries in different angles.

Chapter VI Employment potential of Rural industries in SPSR Nellore District assesses employment potentiality in different dimensions, productivity and profitability using structural ratios of sample units.

Chapter VII Problems and Prospects of Rural Industries in SPSR Nellore District elicit operational problems and constraints of sample units.

Chapter VIII Summary of Findings and Policy Implications sums up the findings and conclusions and offers suggestions.
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