CHAPTER-VII

SUMMARY OF THE FINDINGS, CONCLUSION AND SUGGESTIONS
7.1. INTRODUCTION

Rural industrialization is the most potent dynamic factor to accelerate the process of economic growth and development of any country in general and developing countries like India in particular. The need for rural industrialization also becomes apparent because of the government is renewed emphasis on decentralized economic planning. An effective rural industrialization is also required because of increasing subdivision and fragmentation of land holdings which has made the farming a non viable one. Rural industrialization paves a way for progressive withdrawal of surplus agricultural labour and its suitable deployment in the industrial sector which not only improves the productivity of the agricultural labour but also enables the surplus to be gainfully employed and thus reduces the level of unemployment and disguised unemployment. Keeping in view of its importance, rural industrial sector is the need of the hour in India.

Rural industrialization is understood as the process of the industrial development of an area and also the participation of agents of the area in the growth of village and small scale industries. It received added emphasis since the beginning of the Five year Plans in India. The same is reflected even in the first Industrial Policy Resolution of 1948. The policy has further reiterated in successive five year plan documents; various measures have been taken by the government to reduce regional imbalances and to promote industrial sector. The Constitution of VI All India Boards relating of the Development of village and Small Scale industries, restriction on the expansion of the capacities of certain industries in the large scale sector and provisions for development of infrastructural facilities, financial assistance, training etc. to the promoters of small scale industries are some of the initiatives taken up by the Government for generation of large scale employment on one hand and to achieve Balanced Regional Industrial Development in the country.

As against this backdrop, the present study aims at assessing generation of employment through rural industrialization in industrially backward district like Anantapur and offer suggestions for rapid rural industrialization.

The study covers a period of 32 years from 1978-79 to 2009-10. Out of which 13 years from 1978-79 to 1990-91 covers pre-liberalization period and remaining 19 years from 1991-92 to 2009-10 covers the post-liberalization period. The data for the present study have been collected both from primary and secondary sources. Primary
data have been collected by administering an interview-schedule among 180 sample entrepreneurs.

The study also focuses to analyse the level of rural development achieved through rural industrialization in all the 63 mandals in the district, the study acquires importance as it analyses the rural development achieved by all mandals by 2012.

The secondary data have been collected from the District Statistical reports, the records of District Industries Center and District Rural Development Authority, Anantapur Gazetteer, Five Year Plan documents of India and Andhra Pradesh. During the survey the researcher has personally contracted the respondents to elicit their responses.

7.2. THE CHAPTER-WISE SUMMARY

The chapter-wise summary of the study is presented as hereunder.

The present study, which has been presented in seven chapters, evaluates the overall performance of rural industries over a period of 32 years, from 1978 to 2010. The first chapter explains the concept of rural industrialization, importance, classification of rural industries, in addition to the statement of the problem, methodology, objectives, hypotheses, scope, limitations and chapter-scheme of the study.

The second chapter examines the progress of rural industries, policies, programmes of rural industries under the Five year Plans in India and Andhra Pradesh.

Profile of the District, including its genesis, geographical area, mineral resources and the modern infrastructure has been, outlined in the third Chapter.

Generation of income and employment during the post liberalization period has been presented in the fourth chapter. Employment generation through rural industries has been discussed in the fifth chapter. In the sixth chapter, an attempt has been made to indentify the problems of rural industrial unit owners and prescribe suggestion to overcome them. The Seventh chapter presents an overview of the entire study.
7.3. OBJECTIVES OF THE STUDY

The study takes following as its objectives;

1. To examine the growth of rural industries during the plan period in India and Andhra Pradesh.

2. To assess resources endowment and infrastructural facilities to promote rural industries in Andhra Pradesh and Anantapur District.

3. To analyse rural industrialization in terms of the progress of the units, and generation of employment in the district.

4. To analyse and present a comparative picture of the 63 mandals in respect of progress achieved in rural industrialization in the district during the pre and the post liberalisation periods.

5. To identify the problem of rural industries and to suggest suitable measures to fast promote rural industrialization in the district.

7.4. HYPOTHESES

The following hypotheses have been framed and tested by using appropriate stastical techniques.

1. There is no difference in growth of rural Industries between pre and post liberalization periods.

2. There is no difference in the influence of resources endowment and infrastructure facilities on the promotion of Rural Industries between pre and post liberalization periods.

3. There is no difference in generation of employment in Rural Industries both pre and post liberalization periods.

4. There is no significant difference in the increase of the number of industrial units during pre and post liberalization periods.

5. There is no difference in the progress of rural industrial sector during both pre and post liberalization periods among the 63 mandals in Anantapur District.
7.5. TEST OF HYPOTHESES

It is learned that during liberalization, growth of rural industries have been adversely affected; annual compound growth rates with respect to the number of units, value of investment and number of people employed in cottage and SSI units was higher at 41.8%, 37.5% and 34.1% during the pre-liberalization period compared to the lower growth rates at 19.6%, 20.4%, 25.5% respectively.

The district has witnessed an increase in the rural road length from 6649 Kms in 1990-91 to 10,907 Kms in 2009-10. But it did not impact in significant increase in growth of number of rural industrial units both during the pre and post liberalization periods in the district.

Owing to globalization trend which adversely effected the growth of rural industries, employment opportunities started declining from pre-liberalisation to post-liberalisation period. Compound growth rate in rural industry sector before liberalization was 34.1% which came down to 25.5% during the post-liberalisation.

Similarly, the compound growth rate in rural industrial sector before economic reforms was 41.8% but later came down to 19.6% during post reforms period.

It is hypothesized that there is no significant difference in the distribution of cottage and SSI units between rural and urban areas during pre and post liberalization periods. In this context, the estimated Chi-Square values are 2.621 for number of units, 0.143 for Investment and 0.447 for Employment. The Chi-Square value at 0.05 level of significances at one degree of freedom is 3.841. since the Chi-Square calculated values of number of units, Investment and employment are lower than chi-Square table value, the null hypothesis is accepted. In other words there is no significant difference in the distribution of number of units, Investment and Employment between rural and urban mandals during pre and post liberalization periods.

It is hypothesised that there is no significant difference in distribution of cottage and SSI units between pre and post liberalization periods in rural and urban mandals. The estimated Chi-Square values are 149.912 for number of units, 108.103 for investment and 962.044 for employment. The Chi-Square table value at 5% level of significance at one degree of freedom is 3.841. Since the Chi-Square calculated values for number of units, Investment and employment are significantly higher than the Chi Square table value, the null hypothesis is rejected. In other words, there is significance
difference in the distribution of number of units, investment and employment between pre and post liberalization period in rural and urban areas in the district.

Hence, it is concluded that the polices of liberalization encouraged for the growth of Cottage and SSI units in terms of number of units, investment and employment.

**7.6. SUMMARY OF RESEARCH FINDINGS**

The planning commission allocated 2.1 percent of the First Five Year Plan outlay for the rural industries which came down only to 0.32 percent during the XI plan period in India.

Similarly the A.P. Government allocated 0.18 percent out of the First Five year Plan outlay which came up only to 0.3 percent during the XI plan.

Thus, it is clear that the rural industrialization could not attract the higher percentage of plan outlay in the successive Five Year Plans based on their importance.

The district has good infrastructural facilities with a net work of transport and communication, connecting Anantapur to majority of cities in India and thereby promotes fast rate of industrial growth in the district, utilizing locally available rich mineral and solar energy. Thus, the district is poised for achieving fast rate of all round development backed by the local resources endowment.

An attempt is made to analyse the rural industrialization in Anantapur district over a period of 32 years i.e. 1978-79 to 1990 (pre liberalization period) and 1991-92 to 2009-10 (Post liberalization period). The data has been collected for seven categories of SSI units viz., Agro based units, Engineering based units, Textile based units, Forest based units, Mineral based units, Chemical based units, and Miscellaneous units.

The category-wise analysis shows that the more number of Agro based units are promoted in rural areas in the pre liberalization period. As against this more number of Engineering based units grounded during the post liberalization period. Hence, it is inferred that while agro based units gained importance in pre-liberalization period, the engineering based units gained importance in post-liberalization period.

Mandal wise Rural industrialization reveals that a large number of units were concentrated in Penugonda rural mandal, the highest investment was incurred in Gooty rural mandal and employment was generated in Gooty rural mandal in pre
liberalization period. Whereas in post liberalization period, large number of units were established in Gooty rural mandal, more investment was made in Uravakonda rural mandal and the highest employment was created in Kalyandurg mandal.

It has been observed that there is a significant difference in the distribution of cottage and SSI units in terms of number of units, investment and employment between pre and post liberalisation period in rural and urban mandals.

As per the survey the agro based units have occupied the first place in respect of number of units (42 per cent), and the last place was occupied by textile based units (8.3 per cent).

The highest number of the sample units have been concentrated in Dharmavaram Revenue Division, followed by Hindupur and Anantapur Revenue Divisions respectively. The highest number of Rural Industrial units were found in Dharmavaram mandal and the lowest number of Rural Industrial units were grounded in Chenne Kothapalli Mandal.

**Major findings** of the study are as follows:

1) It is found that out of total 180 selected rural industrial units over 52% of them were concentrated in urban areas and the rest in rural areas.

2) Nearly 57% of the entrepreneurs who owned Rural Industrial units belonged to forwarded communities followed by Back word communities (33%) and the entrepreneurs who belong to S.C. and S.T. communities are very limited in number.

3) The highest number of Agro based units were concentrated in both rural and urban areas, whereas the least number of Textile based units were concentrated in both in rural and urban areas.

4) The highest number 35% of Rural Industrial units maintained by the entrepreneurs of the age group of 45 and above, whereas only 9% of units belonged to entrepreneurs in the age group of below 25 years.

5) Nearly 91% of the entrepreneurs are male persons, only 9% of them were female entrepreneurs.
6) It is observed that 27% of the sample units maintained by the entrepreneurs whose educational status was SSC, followed by 27% Intermediate, 17% degree, and 17% Primary, 8% technical levels of education. It was only 8% of them had no education-illiterates.

7) It has been observed that the Banks and finance Corporations were the chief source of finance for the entrepreneurs.

8) Rural industrial unit owners sold 60% of their output to Wholesale dealers and slightly over 30% through retail outlets.

9) To start with 991 persons were employed in the sample units which rose to 1470 by the time of survey period; 48% increase in employment over a period of 3 decades.

10) The main purpose of the study is to assess generation of employment through rural industries in the district. According the statistics maintained by the DIC, there were 508 rural industrial units, grounded with Rs. 1162 lakh of capital and had provided employment to 1548 persons during the pre liberalization period. Whereas, during the post liberalization period, 2785 rural industrial units were grounded with Rs. 11584.09 lakh of capital, and has provided employment to 13947 persons.

11) It is noticed that more number of male than female persons found employed in the sample units

12) It is observed that only local persons employed in the sample units.

13) Most of the workers worked for 180 days in the agro-based units in the rural areas.

14) It is noticed that 119 units were facing the problem of electricity, 112 units were facing the problems raw materials because of recurring drought conditions prevailing in the district, 114 units were facing the problems of non availability of skilled man power, 103 units with the acute problem of finance and 92 units are facing machinery problem
15) Mineral based units catered more employment needs while the least number in the Textile units in the district.

7.7. SUGGESTIONS

In the light of the observations and findings of the study, it is be fitting and proper to put forward the following suggestions to improve the performance of rural industries in Anantapur District:

1. A majority of the (119) units confronted with the problems of power. So that responsibility of the government to supply power uninterruptedly for growth and development of rural industrial units.

2. As many as 112 units have been facing the problem of raw materials that too agro based units facing severe problem because only available raw materials seasonally. Hence, the government should provide raw material through State Trading Corporation or any other agency to overcome this problem.

3. Skilled labour is the need of the hour. The government and NGO’s have to organize periodic training to the workers of rural industrial units in the district.

4. In order to solve marketing problems, the A.P. Trading Corporation may initiate suitable steps to purchase goods manufactured by the rural industrial sector as it would effectively encourage the growth and development of rural industries in the district.

5. More than 103 units have the problem of Bank credit. It is, therefore, suggested that the Banks and financial institutions should provide adequate and timely financial help to rural industrial units.

6. The cost effective methods of production are to be initiated by replacing the obsolete machines with the new ones.

7. Women representation in the Rural Industrial sector need to be enhanced from the present 9%. More number of women entrepreneurs are to be roped in through a package of incentives.
8. Make reality of the inclusive growth, more number SC and ST entrepreneurs are to be attracted to take up ventures in the rural industrial sector through a package of incentives.

9. Since agriculture hold a limited scope to provide employment throughout the year, industries need to be promoted on a large scale basis.

10. Officials of DIC should visit rural industrial units periodically and identity the defects and rectify such defects for effective functioning of rural industrial units.

The advances in science and Technology have reduced the world into a Global village. That is to say, no part of the Globe can isolate itself; each part of the Globe necessarily has to integrate itself with the remaining part of the Globe for its successful survival. The seminal idea of the former president of India Sri. A.P.J. Abdul Kalam who said that PURA concept, an effective instrument, in achieving overall development of India. The paradigm - shift observed in the present study the precedence of Engineering based industrial units over agro based industrial units in the rural areas – is in tune with the PURA concept. Hence, it boils down to state that agro based industrial units alone need not be concentrated in the rural areas. On the other hand, any category of industrial unit(s) can be established regardless of its classification in the rural areas of the country. If this trend continued unabatedly rural areas will prosper with a variety of need based industrial units which eventually make use of the available both, human and physical resources to the fullest extent.