INTRODUCTION

India is a developing country. For a country to develop, the growth of Agricultural and Industrial sectors is a pre-requisite. Unfortunately all the states in the country are not equally endowed with the potentialities for the development of both the sectors. Based on geographical conditions some regions are rich in agricultural potentialities and some are rich in industrial potentialities.

Among the 22 states in the country, Andhra Pradesh occupies a significant place because of the quality of soil the climate and geographical structure of the land. It occupies a central position in the country's economy and the national resources like water, agricultural and mineral resources, forests, a long coastal line with one major and two minor ports, offer great scope for industrial development. Locationally Andhra Pradesh is significant as it is centrally placed and serves as a link between the northern and southern and parts of India.

Andhra Pradesh has always been an important agricultural state, producing a large variety of foodgrains and other raw material for industrial use. Taking advantage of the favourable conditions, there is no reason why the state should not diversify her economic base to take a respectable place in the industrial map of the country.
Economic prosperity of a developing country like India lies mainly in the successful integration of its agriculture with industry. The economic structure of Andhra Pradesh resembles the country as a whole. According to 1971 census about 71 percent of the working population depend on agriculture for its livelihood. Andhra Pradesh, by an large, is an agricultural state. More than half of the state's income is derived from agriculture and allied fields. More than 80 percent of the population lives in villages. The excessive dependence on agriculture may create economic imbalances and the solution lies in how best we diversify the rural economy. Taking away a few lakhs of people from villages to towns and cities by providing employment opportunities may not solve the fundamental problems of increasing pressure of population on rural economy, lack of employment opportunities in rural areas, and the resultant limitations on equitable distribution of national income. In an extreme case of, a state whose income structure is disproportionately biased towards agricultural the government should think of some alternative to keep the agriculturist busy throughout the year for the betterment of economic condition. Against this background in view, our strategy of economic development should be such as to bring integration of rural and urban economies by eliminating imbalances. To achieve this objective, we should induce the development of agro-industries in a big way. It is imperative that the agro-
industries which include all the manufacturing units and also those industries which depend on agriculture may be developed on sound lines with a view to providing employment opportunities and diversifying the rural economy. The agro-industries should be so moulded as to absorb the fast growing labour force; otherwise it would be a strain on the economy of the state as a whole. The agro-industries should therefore, be labour oriented and rural based.

The present study is confined to the industries based on plant and vegetable origin in the state of Andhra Pradesh.

1) This work aims to study the present position of agro-based industries in the state with reference to the facilities available and (2) to suggest the steps for future development of agro-based industries taking into consideration the problems faced by the entrepreneurs. The study has been divided into seven chapters. The first chapter is devoted to give general information on the economy of the state with particular reference to administrative set up, area and location, climate and rainfall, Natural resources, Mineral resources, forests, rivers, population size and growth, distribution of population. Regional grouping of district, literacy, land ceiling, irrigation, power, agriculture, economic regions, state income and per capita income.
The first chapter mainly examines the relative position of economy of the state with reference to natural resources. The state offers great potentials of water resources which are not being fully utilised. As regards power production the state has remained backward inspite of the planned efforts of the state Government. The government hopes to overcome the power shortage at the end of Fifth Plan period. The development of agriculture in the state though appears to be quite satisfactory, the same is not true if we compare the three different regions of the state. The development is uneven and different regions have stabilised their agriculture at different levels. Andhra Pradesh is a surplus state in respect of foodgrains mainly rice. The state accounts for 11 percent of the total rice production in the country. Andhra Pradesh ranks first in tobacco, castor and mesta both in respect of area and production. In respect of groundnut and dry chillies the state ranks second in production. In recent years the state has demonstrated an impressive rise in foodgrains production from 67 lakh tonnes in 1972-73 to over 86 lakh tonnes in 1973-74.

This progress made on the agricultural front has opened new hopes for the development of agro-based industries in the state. The rise in the production of food and commercial crops has had its beneficial effects on the industrial front. Another distinguishing feature of the state's economy today
is that it has shown a growth rate of about 14 percent in the state's income against the All India figure of 3 percent.

In the second chapter efforts have been made to explain the reasons for the state's industrial backwardness and the progress made during plan periods with special reference to small scale industries. The objectives and the working of various state financial institutions have been examined to know how far they have succeeded in the development of industries. Some suggestions have been offered in the light of mistakes committed by such institutions. Regional development under the six-point formula has been discussed with reference to regional disparities, situation in Andhra Pradesh and regional allocation of resources including industrial development.

In the third chapter a critical study of agro-based industries in Andhra Pradesh has been made to explain the present position. Part I of this chapter is denoted to explain the concept and definition of agro-industries and its economic significance in the economy of the state for spreading rural industrialisation. Part II of this chapter is denoted mainly to paddy processing, modern rice milling technology, deoiled rice bran and paddy husk and its utilisation. Part III tobacco industry which has been studied at length to explain its present position and future prospects. In part IV cashew

1. Southern Economist, (Bangalore), Andhra Pradesh Number, April 1975, p.3.
processing and utilisation of its byproducts have been discussed to identify the problems of the industry and its growth in Andhra Pradesh. In part V the importance of tapioca sago and starch industry in the economy of East Godavari district and its present position and future prospects of the industry have been dealt with and suggestions have been for its development. The export oriented palmyra fibre industry has been studied at length in part V of the same chapter to offer suggestions for the diversification of the product and the development of brush making industry in the state.

In Chapter IV efforts have been made to outline the present position of agro-industrial export potentialities of Andhra Pradesh with special reference to standardisation and export promotion.

Chapter V is devoted mainly to explain the economic situation in the East Godavari district to prove that the district in question resembles the state as a whole and to justify the choice of the district for the purpose of conducting the survey.

Chapter VI is a summary of the sample survey conducted in the district in 12 different types of agro-based industries covering 28 units to findout the present position and to identify the problems faced by this industry.
Part I of this chapter deals with the entrepreneurs, part II with the sources of finance, part III with employment position, part IV with the production aspect and part V deals with the problems of Marketing.

In the concluding chapter, efforts have been made to suggest the steps for the future development of agro-based industries, taking into consideration the difficulties faced by the entrepreneurs in the East Godavari district.