CHAPTER - IX

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

This study of "Industrial Potentialities of Andhra Pradesh - A Case Study of Rayalaseema Region", was started with the main purpose of knowing more about the various aspects, such as Infrastructure, Resource availability, Role of Industrial Promotional Institutions, Incentives and concessions available and Role of the Government in industrialising the state in general and Rayalaseema Region in particular. As it was found that it would be difficult to cover all the sectors of the industrial activity, the scope of this study was confined to cover the growth and development of small and tiny units in the region. The discussion in the foregoing chapters, therefore was built around a few hypotheses:

1. Rayalaseema region possesses a good network of infrastructural facilities.

2. The region is richly endowed with mineral, agriculture, forest and human resources.

3. Resource availability has not played a major role in industrial development of the region.

4. Though similarities could be found among the districts of the region, they are not uniformly potential in industrialisation.

5. There is a wide scope for the growth of small and tiny units as compared to large and medium scale units.
6. Majority of the potential (small and tiny) units bound to be labour intensive.

7. Majority of the Promotional Agencies are not playing a dynamic role.

8. The State Government is not playing a positive and constructive role in industrial development of the region.

Broad Conclusions:

These hypotheses were put to test in the course of this study and a few broad conclusions have been arrived at. Some of them are enumerated here very briefly.

1. As the region has been declared as 'backward' a number of incentives and subsidies are offered by the Central and State Governments for the industrial development. Many Government agencies and departments are extending their helping hand in accelerating the industrial growth. The State as well as the region have a good network of infrastructure facilities. Our study reveals that the region is endowed with rich natural resources. But still the region continues to be backward, which is an enigma to many concerned. A detailed evaluation tells a totally different story.

2. Impact of Backwardness:

As is well known, backwardness of a region is the result of any one or all of the following factors: viz.
i. Uneven distribution of natural resources.

ii. Scanty rainfall.

iii. Improper utilisation of available resources.

Though there are many ways of tackling the problem of backwardness in practice nothing has been done to remove the same over the years to a satisfactory level. In this respect all the attempts of the Government and various other agencies were in vain; and the region continuous to be backward even now. One way of tackling this problem appears to be to convert traditional agro-based economy to modern industrial economy by establishing more number of industrial units and thus develop the industrial potentiality. But as is well known such conversion is not that easy as the very attempt is studded with many problems. Our study reveals that no sincere efforts were made either by the Government or other agencies to tackle this problem systematically. There appears to be no involvement of local people in this effort as well.

Some of the vital issues connected with this aspect are discussed here followed by suggestions to rectify the imbalances stemming from the situation.

Causes for Non-Industrialisation:

In the first place the study reveals that the region is good at infrastructural facilities and rich in resources. The study also says that despite these resources
and facilities the region is lagging behind in industrialisation due to certain problems enumerated here under:

**Infrastructural Facilities:**

In general Andhra Pradesh as a whole is well served with various infrastructural facilities, without which even being rich in resources would be of no use.

**Power:**

This is an industrial era, where the economy has been dominated by industry. Even a fraction of a second of any industrial activity cannot be expected to run smoothly without power, which shows its importance in a developing economy. Hence the availability of power necessarily has to be considered as one of the primary factors in industrial development and ascertaining industrial potentialities. Our study indicates that the state is self-sufficient in power. The industrial power consumption rose to $1551 \text{ MW} \text{H}$ in 1985-86 from $596 \text{ MW} \text{H}$ in 1974-75. It is a clear indication that the state has witnessed tremendous pace of power development. As per the 12th Power Survey Committee the demand for and supply of the power in the state would be $3598 \text{ MW}$ and $20486 \text{ MV}$ respectively by 1989-90.

It can therefore be said that the position of power is very encouraging to the prospective entrepreneurs.
to establish their units in the State as well in the region. But the most important problem involved in power supply but which is not brought to the light by the entrepreneurs is the considerable delay in getting power connections to their units after seeking the permission from APSEB. It has been revealed that this is due to the role played by the middlemen.

Keeping the interests of the prospective entrepreneurs in view, this problem can easily be overcome by eliminating totally the middlemen. The APSEB therefore has to shoulder the entire responsibility of getting timely power connections as per the requirements of the entrepreneurs.

Prevailing concessional power-tariff allow a rebate of 25% in power charges for a period of 3 years from the date of their going into production. (This rebate is allowed to all industries except 65 types, vide list given in the appendix-II). It shows that no discrimination is made between the developed and backward regions. This approach is bound to affect the progress of backward areas considerably. Hence the tariff rebate may be increased to 40% from 25%, in supply of power to industrial units to be set up in Rayalaseema. In that way the backward region may be provided with more tariff rebate in addition to other benefits available to the industrialists. This, according
to our study, is bound to help industrialisation of the area in a big way.

**Transport and Communication:**

Transport and Communication facilities become absolutely essential in the present day life especially in the industrial activity. Nothing can be moved from place to place without these facilities. Conversion process of raw materials into semi-finished and finished goods is not possible without this facility. Besides the ultimate consumer cannot be reached by producers without proper transport and communications. Its importance therefore need not be overemphasised in the field of industrial development.

The study reveals that the transport facilities in the state and also in the region are adequate enough to support larger industrial pace than what is available at present. But even here certain delays are observed due to problems of Octroi levy at the city and town limits and transhipment of goods from metre gauge points to broad guage. These are the major bottlenecks in the transportation. These bottlenecks are to be tackled expeditiously.

Regarding communication facilities the position of State and the region is not all that good.

Keeping the existing facilities of transport and communication in view still it can be argued that the
region needs more of these facilities. Additional facilities in this vital area may attract the industrialists from outside the region and the State also. Hence the responsibility lies with both the Central and State Governments to improve transport and communication facilities and improve their working.

**Water:**

Everyone at every time requires water, next to air. How it is inevitable in the day-to-day activities of human life is everyone's knowledge. As much it is inevitable too for industrial activities. With certain variations almost all industrial units need water. Some varieties of industrial units like, sugar, textile, paper and iron and steel units need lot of water. In short, water is required as an important input factor for the industrial development.

As is evident from the study, though the state is drained by a number of rivers and has earned the title of "the rivers state", a large part of the state including Rayalaseema falls within the drought prone zone. Hence this area suffers from acute water scarcity.

The small scale units located in the IDAs/IBs, APIIC gets the required quantity of water, through the public health department or from its own water supply system.
Industrial units located outside the IDAs/IBs have to make their own arrangements for supply of required quantity of water. The water required for can be assessed, the source developed and treated to meet the requirement by the industry itself. If all industrial units individually have to adopt this type of development of their own sources they will have to incur heavy expenditure.

To solve this problem the following steps may be helpful:

1. The industrial units in an area together or an organisation like APIIC can develop a common source, treat and supply the water to various units according to their requirements. Such units can have a control over the supply of required quantity of water without depending on another agency.

2. Water required for industries can be obtained from the city/town water supply systems if sufficient water is available with them in urban and semi-urban areas. In such cases the approximate quantities required must be made known to the water supply authority to design the scheme taking the requirement into consideration.

3. Many entrepreneurs are not finding dependable sources of water supply for their units as the region receives scanty rainfall and/or without perennial rivers.
Hence, it is advisable for the Government to look into the sources of ground water. Action has already been taken in some districts to tap the sources of ground-water through a survey. The survey indicates that the region is rich with ground water. In this way the Government should come forward to supply the required quantity of water to entrepreneurs. This may be done by:

i. The Government directly or indirectly drilling out a number of bore-wells for supply of water to industrial units.

ii. Special financial and technical assistance may be provided to industrialists to develop their own sources of water.

iii. Build up sufficient number of tanks to store the surface water at focal points for utilisation by industries.

**Training Facilities:**

Training occupies a strategic position irrespective of the nature of the job, in an industrial area. In recruitment and selection of persons normally trained and experienced candidates will be preferred.

Our study indicates the fact that the state is suffering from lack of proper training facilities, with the exception of a few industrial training institutes and polytechnics run by Government and private
managements imparting training in a few trades like welding, motor mechanic, fitter, carpentry, etc. Now a days obtaining diplomas and certificates from the said institutes has become a costly affair. The training or education which suits the needs of industrial activities is not properly imparted by these institutes.

It is time therefore Government thinks of establishing a few more training institutes on its own or help the private initiative to operate a few institutes so that the required work-force is properly trained. Many entrepreneurs are of the opinion that this is one of the major hurdles in the industrial development of the area.

**Industrial Accommodation**

It is very well known that small entrepreneurs are not in a position to spend their available and scarce capital on industrial accommodation as owning accommodation is an expensive proposition. They may prefer therefore rented accommodation either from private parties or from APIIC. Among the alternatives viz., (a) owning the accommodation, (b) availing it on rent from private parties, and (c) establishing units at IDAs/IES the last one is preferred by majority of small industrialists; as it is considered as most suitable method of obtaining industrial accommodation.
This study discloses that in each district APIIC has established IDAs/IBs for industrial accommodation. These organisations provide plots or sheds to entrepreneurs on very easy terms and conditions. But APIIC has acquired limited area for this purpose and sheds being constructed are not as per the requirements by small industrialists.

To meet the growing needs of entrepreneurs APIIC, will have to acquire more lands at different places of the districts and offer plots/sheds with required facilities to entrepreneurs at concessional rates.

Research Centres:

Behind every prosperous field of activity there must be some base of research and development. It is a fact that industrial research all over the world has helped greatly the accelerated industrial development.

As per our study a large number of research centres have been established in the State, but their location appears to be not proper. As a result, Rayalaseema possesses hardly a few research centres.

It is time for the Government to evaluate the needs of research centres to all districts and make proper distribution to different regions. As a part of this action at least some branches of major research centres be located in this region.
Region and its Resources:

The size and value of country's/region's resources would be a key factor for its development. Though ours is traditionally agricultural economy, gradually it has been transforming into industrial economy over the years. Even then agriculture has not been looked down, as its assistance to industrial development is highly necessary. Among the various resources for industrial use, human resources are also to be considered along with the other natural resources.

a) Human Resources: In every step of development, the involvement of human element is a must. Even modern computers cannot replace the man-power. But human force without skills is not much of a use in industrial development.

As per this study the state and region possess abundant human resources. A few of them are skilled and educated and only they can be absorbed in industrial units. The rest therefore will have to remain unemployed. It is time therefore steps are taken by the Government to train this huge unskilled work-force so that they are useful to industrial units. This would also be a right step in solving the unemployment problem.
b) **Agricultural Resources:**

Among the various resources available in the region, agricultural resources dominate the scene, followed by mineral, forest, livestock etc. Though agriculture is said to be the backbone of our economy and more than 70% of our population depend on it still the agricultural progress is not as desired due to absence of irrigational facilities. Many parts of the region grow Paddy, Bajra, Jowar, Ragi as food crops and Groundnut, Sugarcane, Turmeric, Castor, etc., as commercial crops through tank and well irrigation. In recent years sericulture and dairying has developed rapidly.

The land is fertile and people in the region are hard working. If they are provided with irrigation facilities, the region will definitely grow in agriculture.

Under the circumstances the Government should take initiative in

i. providing financial assistance to farmers to dig more wells.

ii. construct surface water tanks to store rain water, so that it is used for irrigational purpose and thus development of agriculture.

c) **Forest Resources:**

The study reveals that the region has not maintained its forest resources well. It is due to the
precarious rainfall in the region and poor maintenance by the concerned departments.

Forest resources of the area may be developed with proper maintenance and new plantations activity in suitable areas. In that way, more forest based industrial units can be encouraged.

d) Mineral Resources:

Rayalaseema had been named as 'Ratanala seema' for its richness in mineral resources. Even at present the region is endowed with plenty of minerals like Barytes, Lime-stone, Steatite, Building Materials (Cuddapah slabs), Iron-ore, Asbestos, China Clay, Gold, etc. All of them have commercial importance. Cuddapah is very rich with the minerals followed by Kurnool, Anantapur and Chittoor.

But the problem here is that of finance and technical skills required to unearth the minerals and put them for industrial use. As is known it is difficult for an individual to take up this job single handed. Government also seems to have not shown much interest in their exploitation as required. Hence, for decades the minerals have not been extracted to a desired level. Here and there a few private parties took up mining activities and large volume of raw materials are being exported to other countries as the region lacks the
industrial units to convert the raw material into semi-finished and finished goods. These factors perhaps account for industrial backwardness of the region in addition to a few others.

The Government therefore should try in a big way to solve this problem by conducting surveys to evaluate the worth of minerals in the region and find out the ways to explore them. Keeping in view the need for optimum utilisation of the available resources, the Government could set up a few units on its own in the lines of –

1. taking up mining activities, to unearth Barytes, Limestone reserves.

2. establishing pulversing units to powder the Barytes and Limestone raw materials.

3. establish a few cement manufacturing units to utilise these raw materials.

The Role of Promotional Institutions:

In industrialisation and ascertaining industrial potentialities of a region, the support and the role played by promotional institutions is very well recognised all over the world. In every step of industrial development, in one way or the other the involvement of promotional institutions is a must. Many agencies are functioning at the National and State levels only to fulfil these requirements.
It is observed that by and large these institutions have developed a macro approach and they try to satisfy the needs of large and medium scale units. If any small entrepreneur wants to set up his unit with the aid of the Government or other promotional institutions he may have to spend much of his time, money in merely visiting these agencies to get various types of clearances to set up the unit. All this has caused lot of inconvenience to many up coming entrepreneurs.

To get over this task (i) the promotional agencies should come down from State level to Mandal level and open their branches to serve the prospective entrepreneurs and small units, in general the Rayalaseema area in particular.

(ii) As a part of guidance and service, these institutions should also conduct regular research to evolve appropriate techniques and based on that feasibility reports may be prepared; to make available to needy entrepreneurs.

(iii) They should liberalise the criteria for sanctioning loans to small units. Loans should be advanced against semi-finished and finished goods also besides raw material and other inventory. The procedure should be made simple and actual sanction of loans should not be delayed beyond two months at the latest.
Lack of Knowledge regarding the concessions, incentives and subsidies:

Keeping the interest of the region in view, and to wipe out its backwardness, both the central and state governments have been offering various incentives, concessions and subsidies to entrepreneurs, who wish to establish their ventures in the declared backward districts. Hence, it is expected that this region can easily be developed industrially on par with the other developed areas.

But the general public of the region who are supposed to know more about the variety of schemes announced by the Governments are not properly informed. The reason appears to be a major communication gap and lack of wide publicity about all the schemes.

To fill this gap, the Government and concerned departments should give a wide publicity regarding the various facilities available periodically by -

a) often conducting the Entrepreneur Development Programmes (EDP) at focal points in the region;

b) publicity through important local news papers;

c) establishing information bureaux to furnish necessary information to needy entrepreneurs at growth points.
Entrepreneurs are over-burdened with the numerous formalities to be observed to set up a unit:

The moment an entrepreneur conceives an idea of setting up a unit, he will have to fulfill many formalities to establish the unit. It takes away much of his precious time and money.

So, the Government should see that the procedure for registration has to be simplified and all impediments in the way are removed. Depending upon the nature of the unit and production programme an entrepreneur comes under a large number of enactments and has to file not less than three returns every month with different authorities. These practices are being continued for long and no serious attempt appears to have been made by the Government to simplify them.

Keeping the need for reducing this clerical and laborious work, the Government can formulate such policy wherein the owner of the unit has to file only a few important returns. This will enable the entrepreneurs to turn out some useful work in their respective areas rather than wasting their time in filing unimportant returns.
Resource Availability:

Our study also reveals that resource availability does not seem to play a major role in industrial development and industrial potentialities. As has been dealt in detail in the previous chapters, the resources are not evenly distributed in all the districts of the region. The industrial growth and prospects are not purely banked on resource availability. Though Kurnool district is not rich with resources the progress achieved in early seventees appears to be highly appreciable. For the same period Cuddapah district which is richly endowed with resources could not secure first or even second place in respect of industrial development. This only shows that apart from various types of resources required for industrial activity, the most important requirement is the drive, initiative hard and dedicated work by the human element. Our study reveals that Rayalaseema as a whole lacks in this vital element to a required degree. Hence the policy emphasis should be in developing this major input. This should also form a thrust area to policy framers in future. Only such a situation can ultimately help Rayalaseema to progress equally with other regions of the state.

To sum up it could be said that the region has all the growth potentialities. But what is required is the desired degree of initiative on the part of
Government promotional agencies, and local leadership political, industrial and commercial. Besides a definite Government policy to integrate what all is required, with what is all available into a well knit structure to take up the responsibility of Industrialisation of the region and thus remove its backwardness. There is no doubt that only a dedicated and determined can effort/achieve this and put the region on par with other regions of the State.