INTRODUCTION

The Concept:

In the modern world, there is a rising urge for the economic progress. As a part of this urge to grow every part of country has to hasten up with the desired activities to step into 21st century. Since many regions are not well developed industrially and economically, glaring differences could be found among the States/regions/districts.

This regional imbalance may be due to -

a) Uneven distribution of natural resources; and
b) Improper utilisation of available resources.

These two causes lead to economic variations among the different geographical regions. As is widely accepted the structure of Agricultural and Industrial sectors and their progress are the main parameters to gauge the growth as well as the economic viability of a region. This is what we observe in many parts of the country. Much the same is the position with Rayalaseema an important geographical region of Andhra Pradesh, one of the developed States of South India.

Rayalaseema:

The phrase 'Rayala seema' consists of two different words, viz 'Rayala' and 'Seema'. Second part of
the phrase 'seema' means region or area. First part of the phrase 'Rayala' denotes the great Vijayanagar King 'Srikrishna Devarayalu'. This land was ruled by the king 'Srikrishna Devarayalu', during 16th century. To remember the benevolent rule of the great king, this region has been named as 'Rayalaseema'. This king was very famous as one of the great rulers, the world has ever seen. His regime was called as 'golden period' in the history of this country. During that period, precious articles like Pearls, Diamonds, Rubies were being purchased and sold in the open markets. In telugu language, pearls are called 'Ratanalu', with this background the region is called as "Rayalaseema" a "Ratanalaseema". This past glory is not to be seen in the region today, except in the forms of some old constructions and forts.

Geographically, it is one of the three major regions of the State of Andhra Pradesh, consisting of four districts; viz., Anantapur, Chittoor, Cuddapah and Kurnool, with an area of 67.4 thousand Sq. Km. and a population of 96.97 lakhs. Considering the total geographical area of the State. "Rayalaseema" occupies a part equivalent to 24.5% of the area. The population is 18.09 percent of the total for the State.

The Region is basically dry with no perceptible irrigation facility, except some areas under Kurnool-
Cuddapah (KC) Canal and under Thungabhadra Project. The rainfall is scant, which varies between 672 mm and 700 mm per annum. Dry crops are grown in the major part of the region, such as groundnuts, turmeric, jowar, etc. The major commercial crop is groundnut.

Industrially the region is backward. For the promotion of industries all the four districts have been declared backward coming under categories of 'B' and 'C'. Though the area is richly endowed with natural resources as has been revealed by various studies, due to certain obvious reasons such as financial, organisational and administrative, industrial development has not maintained the desired level of pace. As a result, the region remained backward for years. Sincere efforts by government and certain promotional institutions have not changed this scene due to the fact that they seem to be half hearted.

Industrial Potentialities - Certain definitions:

'Potential'\(^2\) means capable of coming into being or action. 'Potentiality'\(^3\) means possibility.

Industrial potentialities can be defined as -

1) Opportunities for establishing new industrial units, due to the availability of various facilities and resources.

\(^1\)Details are dealt in Chapter VII.

\(^2\)Potential means having capacity for existence, but not existence.

\(^3\)Potentiality means inherent capacity for development or accomplishment (2 & 3 from Standard Dictionary of English Language. International Education, New York).
ii) Opportunities for expanding the existing industrial units by making use of available facilities and resources, and/or

iii) Both (i) and (ii).

Though no specific definition is available for "Industrial Potentiality", the simple meaning of this is the possibilities of establishing new industrial units and expanding or developing the existing units of any variety, as a result of the availability of facilities (infrastructural) and resources.

Many studies have revealed that the Rayalaseema is rich with resources of different varieties such as mineral, forest, agriculture, groundwater, animal husbandry etc.¹ Even technology required to transform all these resources into potential industries is also available. As a result, a few industrial units have come into being in recent years. Besides the people of the region are hard working and highly dedicated for the cause in which they believe. This is a great resource having very high potential for better work and performance. It is very much necessary, therefore that keeping in view the overall objectives of industrialising the area, these resources

(b) The Industrial Survey of Rayalaseema Region of A.P.
are to be tapped and fully utilised at the earliest to industrialise the region.

**Merits of Industrialisation:**

The importance of industrialising a region need not be over-emphasised. Industrialisation in its wake is bound to bring a package of benefits to people concerned. This point has been proved beyond reasonable doubt in all developed countries. Many countries in the world have developed as a result of industrialisation and industrial advancement. Basically industrialisation is bound to result in –

i) Higher national and per capita income.

ii) More goods and services in the market at reasonable prices.

iii) Wide choice for the customer in his/her selection.

iv) Higher purchasing power in the hands of the people of the locality in which the labour force also is an integral part.

v) Some indirect benefits such as –

a) Desirable home market

b) Better labour welfare

c) Society's welfare

d) Higher exports

e) Higher earnings in foreign exchange.
These factors can be observed, even in some of the developing countries of the world including India. Therefore, it is said that industrialisation is bound to bring benefits to the major segments of the society; though it has some demerits as well, such as

i) growth of urban areas without proper facilities.

ii) concentration of industrial work-force in places where it should not be.

iii) Pollution of different varieties such as air, water, noise, smoke etc.

But looking to the merits and demerits the former outweighs the latter. This way stems the importance of industrialisation.

Problems in Measuring the Potentiality:

It is not that simple in making use of the potentialities, and transforming them into reality, in the form of industrial units. There are problems of exploitation, exploration, financial, administrative, organisational, etc. As a result, whatever may be the degree of effort either by the government or the other promotional agencies, this transformation takes lot of time. For instance, in a particular area, there may be rich mineral resources to enable mining activity, but exploitation of minerals could pose many practical
difficulties such as power, labour scarcity, etc. Later to use the exploited minerals certain processing units should be established which in turn could pose many problems of their own.

Normally, all such problems should be surmountable, but what is unsurmountable in the process is the human element and its thinking process. Every other thing may be available, but if the human willingness is not available, nothing can happen. This is what has been happening in Rayalaseema for centuries. Everything was available but not the human willpower, zeal, enthusiasm and the required degree of dedication to make use of the potentialities available to industrialise the region, though the people are hard working once they take up a work. In one way, the government also did not evince much interest in the development of a region, may be because of -

1) absence of leadership at the political level.
2) absence of fighting spirit by local people, or
3) absence of other required facilities.

An attempt is made in this work to find out what are the potentialities and how they can be transformed into industrial reality.

**Bases for ascertaining the potentiality:**

The following bases are kept in determining potentiality for industrial growth:
1. Infrastructural facilities existing and likely to be available in future.

2. Availability of natural resources.

3. Availability of human resources.


5. Incentives, subsidies and concessions made available by the State and Central Governments.

All through this work for all calculations and future projections in measuring the industrial potentiality the above bases have been adopted. The same has been used again for descriptive and analytical work.

Objectives of the Study:

The following are the important objectives:

i. to analyse the industrial structure of Andhra Pradesh and Rayalaseema.

ii. to study the infrastructural facilities of the State and the districts of Rayalaseema.

iii. to ascertain (a) the type of raw materials available in the region.

(b) the capital employment ratio in new industrial units of the region.
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(c) the possibilities of growth rate of new industries in the region.

iv. to evaluate the potentialities for establishing new ventures in Rayalaseema.

v. to study the working of various promotional institutions in the industrial advancement.

vi. to analyse the impact of concessions, subsidies and incentives available to the prospective entrepreneurs.

Hypotheses:

The following hypotheses are put to test in the work.

i. Rayalaseema possesses a good network of infrastructural facilities.

ii. The region is rich with mineral, agriculture, forest and human resources.

iii. Small and Tiny units have a bright future compared to large and medium scale units.

iv. All the districts of the region are not equally potential to establish new units.

v. Majority of the units (Small and Tiny) which are likely to be established are bound to be labour oriented.
vi. Resource availability does not seem to play a major role in establishing new units.

vii. Role of the Government in the development of industrial potentiality appears to be not effective.

viii. The role of the promotional agencies is not effective.

Sources of Information:

The information for this work was collected from two sources: viz.,

a) Primary data, and

b) Secondary data.

Primary data is collected through personal discussions with officers and officials of the following institutions:

1. District Industries Centres of Anantapur, Chittoor, Cuddapah and Kurnool.

2. Department of Industries, Government of Andhra Pradesh.

3. Andhra Pradesh Industrial Development Corporation.


5. Andhra Pradesh Industrial Infrastructural Corporation.

7. Andhra Pradesh Industrial and Technical Consultancy Organisation, Ltd.

8. Andhra Pradesh State Non-Resident Indian Investment Corporation Ltd.


10. The Planning and Development Departments of Anantapur, Chittoor, Cuddapah and Kurnool districts.

Besides, secondary data are obtained/collection from Government Publications, Reports, Bulletins of Industrial Development Bank of India, Industrial Finance Corporation of India, National Small Industries Corporation Ltd., and through published material of different varieties.

Apart from the above, a number of books, periodicals and journals have also been referred. All these are listed in the bibliography.

Review of the Existing Literature:

Many research studies have dwelt on this topic. But all of them do not cover the entire gamut of industrial possibilities of Rayalaseema. They cover certain areas only. Hence comes the importance of this study. A brief overview of the existing literature is shown in the following pages.
The Economy of Andhra Pradesh (1959): ¹

This work is a critical review of the economic conditions of the State. It contains aspects such as industrial structure, public enterprises, trade, transport and urbanisation. It does not refer to the structural changes occurring in different sectors of the industry. Perhaps, this may be due to the fact that the State was a three years 'kid' at the time. This work was published in 1959. Absence of region-wise data is a serious limitation of the work.

In the words of the author, Professor Ramanadham, "apart from the fact that at several points of enquiry the data were far less plentiful than one would desire to have. The available data presented several difficulties. First of all the figures were not made available on a uniform basis for Andhra Pradesh and Rayalaseema. Only taluk-wise data was made available for Andhra Pradesh as a whole but not for different regions. Secondly, there has been a frequent reshuffling of the regions in the course of changing district demarcation in recent years."

However, this publication may be considered as the "first comprehensive attempt in the field".

¹Ramanadham V.V. Economy of Andhra Pradesh, Asia Publishing House, Bombay, 1959.
The Techno-Economic Survey of Andhra Pradesh (1967):

Published by National Council of Applied Economic Research. The very title gives us the resource inventory of the State. The details on the surveyed resources - agricultural, mineral, animal and forest are given region-wise, and also as a proportion of the resources of the country as a whole. Similar surveys were also conducted by NCAER, of the other States of Indian Union. But no specific reference was made to Rayalaseema area.

The Survey of Backward Districts of Andhra Pradesh (1970):

This is another publication of National Council of Applied Economic Research. It is stated to be "Primarily an exercise in regional planning, laying emphasis on developmental activities rather than on targets in order to remove the difficulties in the economic growth of only two districts in the State, viz., Adilabad and Anantapur". It is not a comprehensive study either covering the entire state or different regions including Rayalaseema.

This study covering only the two "backward districts" of Adilabad and Anantapur, was sponsored by the Government of Andhra Pradesh and it is not known to what extent the development programme indicated by NCAER in
this study was implemented by the Government. It may be added that though Adilabad has not officially been declared as an industrially backward district, but still the NCAER has selected it for the study. The report has not added any new dimension to the problem and threw any light on the rough edges confronting the industrialisation of the State. All it had done is to project in a different way the available official statistics.

**Industrial Development of Andhra Pradesh:**

This is an unpublished research work by K. Munirathnam Naidu. It has reviewed the planning and industry-wise growth of large scale sector in the State for the period between 1961 & 1971. Besides the study has covered only a few industries such as Sugar, Textile, Iron & Steel and Paper in the State over a period of time. This study also is silent on the growth potential of Rayalaseema.

**The Industrial Survey of Rayalaseema Region of Andhra Pradesh (Subsidy Belt) 1972:**

by M/s P.N. Nayyar consulting Engineer, C159, Defence Colony, New Delhi-3. This is a report on aspects of human, mineral, agricultural, irrigation and forest

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"Munirathnam Naidu, K. Industrial Development of Andhra Pradesh (Unpublished Thesis for Ph.D.) - Submitted to S.V. University, Tirupati (A.P)."
resources. Industrial development - handicaps and a few suggestions on existing industries and identification of industries.

The study is particularly on subsidy belt in Rayalaseema (not Rayalaseema Region as a whole).

**Industrial Potential Survey - Andhra Pradesh:**

This is a report of a study team sponsored by IDBI, IFCI, RBI, ARC, APSFC, Syndicate Bank and Andhra Bank Ltd.

The report deals with aspects such as agriculture development, a strategy for overall development, infrastructural facilities available, the present state of industrial development, district-wise industrial possibilities, etc. But no specific mention of the growth potential of Rayalaseema.

The study is by and large very general and vague. No stress was laid on projecting any particular region, much less on Rayalaseema.

**Industrial Development of Andhra Pradesh:**

This is a doctoral work, submitted to Osmania University, Hyderabad for Ph.D. degree. The study has

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made an industry-wise analysis of growth and structural changes of large and small scale sector, for the State. Other aspects covered in the work are growth of public and corporate sector in Andhra Pradesh, localisation of industries etc.

Besides, the role of APIDC, APFC, APSSIDC and APIIC, impact of incentives on the industrial development of backward areas are also covered in the study. This study broadly covers the period of 1960-1976. Significantly even this work is also silent on Rayalaseema.

A Study of the working of Small Scale Industrial Units in Rayalaseema of Andhra Pradesh (1982):¹

An unpublished Ph.D. work. The author has concentrated on different management functions of small scale sector, such as materials management, personnel management, marketing management, financial management and production management.

Besides the above, a brief view on industrial setting of Andhra Pradesh and Rayalaseema was also discussed in the thesis. But even this work has not thrown any light on the industrial potentiality of Rayalaseema.

¹Soma Sundaram, G. "A Study of the Working of Small Scale Industrial Units in Rayalaseema of Andhra Pradesh" (Unpublished) thesis for Ph.D. submitted to University of Mysore, Mysore (Karnataka State).
It can be seen from this brief analysis of the existing literature that at present there is no research work on the specific topic of the present study. The study has been taken up only to fill the gap. The author is of the opinion that this study would be of great interest to all those, who are interested in the development of Rayalaseema.

Scope of the Study:

The study has been confined to Rayalaseema Region of Andhra Pradesh. The geographical coverage of study consists of four districts, viz., Anantapur, Chittoor, Cuddapah and Kurnool.

On the basis of Primary and Secondary data collected, industrial potentiality of the region has been ascertained. The period covered is between 1985-1990. More stress is laid in finding out the potentialities for small and tiny units in this study, as it was thought that covering Large and Medium units will pose problems of

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As per the industrial policy statement, revised in 1985 vide Notification Published in Part-II Section 3, sub-section(ii) of Gazette of India Extraordinary, dated 18th March 1985.

a) Small Scale Industry (SSI) is defined as "an undertaking having an investment in plant and machinery, whether held on ownership basis or by lease or by hire purchase, not exceeding Rs. 35 lakhs."

b) Tiny Industry: A Tiny Sector Industry (TSI) is one in which the investment in plant and machinery does not exceed Rs. 2.00 lakhs and units located in areas where the population is less than 50,000 (as per 1981 census).
its own which are quite often overwhelming. Besides as per
this study the Region does not offer better scope for
establishing large and medium scale units due to
structural, operational, financial, and administrative
reasons.

Methodology:

Mode of Analysis: This being a case study of
Rayalaseema Region, initially the industrial position
of the State and Rayalaseema is analysed. This analysis
has been classified into:

i. large and medium scale units,

ii. small scale units, and

iii. tiny units.

Further, infrastructural facilities of the State
and the region have been analysed. Resource analysis of the
region is done on the basis of data collected personally
through secondary sources.

Primary data is collected through personal
interviews with DIC Managers and Officials concerned of
Industrial Development Areas and Industrial Estates.
This is made use of to analyse district-wise industrial
potentialities in the region.

The analysis is also based on the factual
information collected from other sources, such as reports
and journals, newspapers, periodicals and other publications.
Statistical Tools Employed:

In analysing and establishing (1) growth inter-relationship between the State and Rayalaseema, (2) ascertainment of availability resources and infrastructural facilities, and (3) for a detailed study of the basic aspect of the work, viz., industrial potentialities of the region, need to establish more industrial units, the following statistical tools are employed: viz., (1) weighted and simple averages, (2) Percentages, and (3) ratios.

Charts, graphs and pictographs are used to support the discussions at appropriate places of the thesis.

Limitations:

At this stage, it is necessary to emphasise the limitations to which this study is subjected to. As stated earlier, this study pertains only to Rayalaseema Region of Andhra Pradesh State.

The data available from the Department of Industries, Hyderabad, was antiquated. It has not maintained the year-wise particulars of large, medium, small and tiny units in each district and region. So it was difficult to compare the industrial growth for various periods at region and district level.
The other Government departments and agencies are also not updating the information on various resources in the State and Region. Besides relevant information has not been supplied by private parties also. Some data could be gathered therefore from private sources. The study of "Potentialities for new industries" is confined to small and tiny units, because the region barely avails opportunities to establish large and medium units. As more avenues are open to small and tiny units more stress is laid on them. This assessment of potentialities is confined to the period of 1985-1990.

Plan of the Thesis:

The entire Ph.D. work "Industrial Potentialities of Andhra Pradesh - A Case Study of Rayalaseema Region", consists of nine chapters, excluding "Introduction".

"Introduction", deals with the conceptual definitions, importance of the study bases for determining industrial potentiality, objectives and hypotheses, review of the existing literature, methodology and plan of the thesis.

First chapter, 'Industrial Scene of Andhra Pradesh' discusses about the Agricultural, Economic and Industrial position of the State as bases for a sound Industrial scene.
'Rayalaseema an Industrial Scene', the second chapter relates to the geographical location, population and district-wise industrial structure of the region.

Chapter three, 'Infrastructure for Industrial Development' is conveniently divided into two parts, viz., (a) Andhra Pradesh, and (b) Rayalaseema Region. Various infrastructural facilities available such as power, water, transport, banking, etc., have been analysed in detail.

Fourth chapter 'Resource Analysis' deals with various resources like, agriculture, mineral, forest, animal husbandry, etc., in Rayalaseema (District-wise).

Resource-wise, potentialities for new industries have been discussed for each district independently and for the entire region under the caption of 'Potentialities for New Industries', as fifth chapter. The ratio of capital and employment is also calculated in this chapter.

'Role of Promotional Institutions in Industrial Development' has been designed as sixth chapter. It deals with promotional, financial, autonomous and research institutions at the Region, State and National level.

In seventh chapter 'Incentives Concessions and Subsidies' issues relating to the various incentives and concessional facilities provided for the entrepreneurs who are interested in industrialising the Rayalaseema are discussed in detail.
'Role of the Government in the Development of Industrial Potentiality' is incorporated as eighth chapter.

Conclusions and Recommendations of the work are brought out in the ninth chapter.