CHAPTER-V

SUMMARY AND CONCLUSIONS
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The small industry development has been given importance in order to generate more employment opportunities and to increase the income generation for bringing a transition in the development of the economy. The small industry development has been pursued to promote the entrepreneurial talents and skills to utilize the local resources and factor endowments for raising the volume of output to meet the requirements for improving the quality of life of the people.

The development of the small industry has been emphasized in the industrial policy resolutions / statements formulated over the years and the pursuit of economic liberalization and that of the industrial policy reforms also envisage the development of the small industry further, to increase the technological capabilities and to become competitive in producing the product for increasing the market opportunities to sustain the development.

For promoting the development of the small industry, several institutional agencies have been set up at various levels, to provide the technical, consultancy, infrastructure, financial and other services. The government has adopted the promotional measures such as the provision of fiscal and financial concessions and subsidies, reserving the products and priority in credit allocation, raising of the investment limits and allowing equity participation, and that of technological upgradation and modernisation etc, for sustaining the development of the small scale industrial units. Hence, the promotion of the small industry and the sustenance of development are closely related. In this study, an attempt is made to examine the development of small industry in Andhra Pradesh, particularly with reference to Rayalaseema Region (the study area).
The specific objectives of this study are:

1. To study the need for promoting the small industry and its role in development.
2. To know the progress of small industry in Andhra Pradesh.
3. To analyse the employment and income generation in small industry in Rayalaseema Region (the study area) and
4. To examine the problems of small industry in the study area.

Regarding the progress of small industry in Andhra Pradesh, the development of the small industry has been accorded priority to quicken the process of industrialization of Andhra Pradesh for achieving the structural transition for sustaining the development. To realize the fostering of industrial development in Andhra Pradesh in the plans, the promotion of the small scale industrial units has been emphasised in varied areas. To sustain the development of small industry, the state of Andhra Pradesh has been endowed with abundant wide variety of natural and mineral resources, forest resources, extensive cultivable lands with irrigational facilities, well developed infrastructural facilities with better communications and transport network and the institutional facilities and this provides the potential for the development of the small scale industrial units in different areas. The promotional agencies such as Andhra Pradesh State Small Industrial Development Corporation, Andhra Pradesh State Financial Corporation, Andhra Pradesh Industrial Infrastructure Corporation, Andhra Pradesh Technology Development Centre, Andhra Pradesh Industrial Development Corporation and Andhra Pradesh Industrial and Technical Consultancy Organisation etc., and Nationalised Commercial Banks and the District Industries Centres have been providing the requisite financial assistance and the infrastructural, technological and industrial consultancy and the entrepreneurial training facilities for achieving rapid progress of the small industry in Andhra Pradesh.
Fiscal incentives and concessions and subsidies such as investment and interest subsidy, investment and depreciation allowance, export market development assistance, tax holidays and rebate on power tariffs have also been provided by the promotional agencies and the government of Andhra Pradesh and others to promote the development of the small industry.

The adoption of New Industrial policy evolved in consistency with the pursuit of liberalization policy stresses the increasing of the efficiency to accelerate the growth of output and employment of the small scale industrial units in order to improve the viability and the competitiveness of these units. The entrepreneurial development programmes have been conducted by the promotional agencies, commercial banks and the District Industries Centres through the intensive industrial campaigns at the growth centres / industrial development areas in the region / districts to increase the supply of entrepreneurs for managing the small scale industrial units efficiently, to achieve rapid strides in the development of small industry in Andhra Pradesh.

An analysis of the growth of the small scale industrial units in Andhra Pradesh indicates that these units have registered growth (15 to 98 per cent) in terms of the number of units (1,24,209 to 1,42,294), fixed investment (Rs. 2,145 to 4,747 crores), and employment in persons (106,8482 to 126,4050) in the period 1996-2003. The first hypothesis of the study that, there is no progress of small industry in Andhra Pradesh is rejected. Hence, there is progress of small industry in Andhra Pradesh. The analysis of the growth the small scale industrial units in India also shows that these units have registered considerable growth (49 to 250 per cent) in terms of the number of units (86.2 to 128.4 lakhs), value of production (Rs. 167,805 to 587,196 crores) and employment in persons (205.9 to 312.5 lakhs) in the period 1996-2007. Hence, the number of units, the value of production and employment in persons have increased considerably in the small scale industrial units in India. For sustaining the development of small scale industrial units in varied areas of the Rayalaseema Region (the study area) has an adequate potential.
The small industry development has to generate more employment opportunities to facilitate the increase of income generation and that of the entrepreneurial talents for effectively utilizing the local resources and factor endowments for sustaining the process of development. The employment and income generation have been examined in small industry in Rayalaseema Region (the study area). An analysis of the entrepreneurial background of the small scale industrial units in Rayalaseema Region (the study area) reveals that most of the entrepreneurs of these units are younger in age and males and belongs to other communities, educated and hail from the family background of the agricultural and business sectors.

An analysis of the capital structure of the small scale industrial units in Rayalaseema Region (the study area) indicates that the productive capital of these small scale industrial units comprises the fixed and working capital. The fixed capital has increased by 65 per cent (Rs.6036.82 to 9949.19 lakhs) in these small scale industrial units. The fixed capital constitutes the value of land and buildings and the plant and machinery. The value of land and buildings has increased by 116 per cent (Rs.2527.24 to 5466.33 lakhs), while the value of the plant and machinery has increased by 28 per cent (Rs.3509.58 to 4482.86 lakhs) in these units in the study area during the period 1997-2007. The working capital has risen by 64 per cent (Rs. 8056.53 to 13211.92 lakhs), while the productive capital has increased by 64 per cent (Rs. 14093.35 to 23161.11 lakhs) in these units in this period. The growth rate of the fixed capital (5.93 per cent), working capital (5.66 per cent) and the productive capital (5.77 per cent) has been considerably higher in these units during this period. The increase of fixed capital (37 to 79 per cent), value of land and buildings (70 to 268 per cent), the value of plant and machinery (10 to 105 per cent), working capital (46 to 93 per cent), and the productive capital (45 to 91 per cent) has varied widely in the various categories of the small scale
industrial units in Rayalaseema Region (the study area) in the period (1997-2007). The growth rate of fixed capital (3.43 to 12.17 per cent), the value of land and buildings (5.31 to 15.77 per cent), value of plant and machinery (0.63 to 8.26 per cent), working capital (4.23 to 8.11 per cent), and productive capital (4.08 to 7.94 per cent) has varied widely in various categories of these small scale industrial units during 1997-2007.

The second hypothesis of the study that, there is no significant increase in the fixed, working and productive capital in the small scale industrial units in Rayalaseema Region (the study area) is rejected. Hence, there is significant increase in the fixed, working and productive capital in the small scale industrial units in Rayalaseema Region (the study area).

The analysis of variance result shows that productive capital is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area). The sources of financial assistance for the small scale industrial units in Rayalaseema Region (the study area) indicates that most of these units have been getting financial assistance from the developmental agencies and banks.

The employment in persons has increased by 65 per cent (3254 to 5369) in the small scale industrial units in Rayalaseema Region (the study area). The growth rate of the employment in persons has been higher (5.85 per cent) in these small scale industrial units in this period. The increase of employment in persons has varied widely (35 to 105 per cent) in various categories of the small scale industrial units in this period. The growth rate of employment in persons has varied widely (2.83 to 8.43 per cent) in various categories of the small scale industrial units in Rayalaseema Region (the study area) during this period.
The third hypothesis of the study that, there is no significant increase in the employment in the small scale industrial units in Rayalaseema Region (the study area) is rejected. Hence, there is significant increase in the employment in the small scale industrial units in Rayalaseema Region (the study area).

The estimates of parameters of a log linear regression model show that there is significant effect of the productive capital on the total employment in different categories and that of the small scale industrial units in Rayalaseema Region (the study area).

The fourth hypothesis of the study that, there is no significant effect of productive capital on the employment of the small scale industrial units in Rayalaseema Region (the study area) is also rejected. Hence, there is significant effect of the productive capital on the employment of the small scale industrial units in Rayalaseema Region (the study area).

The analysis of variance result shows that the employment is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area).

The fifth hypothesis of the study that the employment is not different in the various categories of the small scale industrial units in Rayalaseema Region (the study area) is rejected. Hence, the employment is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area).

An analysis of the employment structure in the small scale industrial units in Rayalaseema Region (the study area) indicates that the local employment in persons has increased by 67 per cent (2882 to 4810), while the non-local employment in persons has increased by 50 per cent (372 to 559) in the small scale industrial units in Rayalaseema Region (the study area) in the
period 1997-2007. The increase in local employment in persons has varied widely (38 to 117 per cent) in the various categories of the small scale industrial units, while the increase in the non-local employment in persons has varied widely (18 to 170 per cent) in various categories of the small scale industries in Rayalaseema Region (the study area) in this period.

The skilled employment in persons has increased by 62 per cent (1676 to 2717) while the unskilled employment in persons has increased by 68 per cent (1578 to 2652) in the small scale industrial units in Rayalaseema Region (the study area) during 1997-2007. The increase in the skilled employment in persons has varied widely (34 to 111 per cent) while the increase in unskilled employment in persons has varied widely (37 to 136 per cent) in the various categories of the small scale industrial units in Rayalaseema Region (the study area) in this period. The estimates of parameters of a log-linear regression model show that there is significant effect of the productive capital on the skilled employment in different categories and that of the small scale industrial units in Rayalaseema Region (the study area). The estimates of parameters of a log linear regression model also shows that there is significant effect of the productive capital on the unskilled employment in different categories and that of the small scale industrial units in Rayalaseema Region (the study area). The employment of males has increased by 56 per cent (2671 to 4156 persons) while the employment of females has increased by 108 per cent (583 to 1213 persons) in the small scale industrial units in Rayalaseema Region (the study area) in the period 1997-2007. The increase in the employment of males has varied widely (26 to 95 per cent) in the various categories of the small scale industrial units while the increase in the employment of females has varied widely (50 to 287 per cent) in most of the categories of these small scale industrial units in this period.
The value of production has increased by 71 per cent (Rs 1120.57 to 19212.52 lakhs) in the small scale industrial units in Rayalaseema Region (the study area) during the period 1997-2007. The growth rate of value of production has been higher (6.08 per cent) in these small scale industrial units in this period. The increase in the value of production has varied widely (44 to 105 per cent) in the various categories of the small scale industrial units. The growth rate of the value of production has varied widely (4.11 to 8.24 per cent) in the various categories of the small scale industrial units in Rayalaseema Region (the study area) during 1997-2007. The estimates of parameters of a log linear regression model shows that there is significant effect of the productive capital on the value of production in different categories and that of the small scale industrial units in Rayalaseema Region (the study area). The analysis of variance result indicates that the value of production is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area).

The cost of production has increased by 60 per cent (Rs.9129.19 to 14618.91 lakhs) in the small scale industrial units in Rayalaseema Region (the study area) in the period 1997-2007. The growth rate of the cost of production has been higher (5.22 per cent) in these small scale industrial units in this period. The increase in the cost of production has varied widely (36 to 104 per cent) in the various categories of these small scale industrial units in this period. The growth rate of the cost of production has varied widely (3.37 to 8.01 per cent) in various categories of the small scale industrial units in Rayalaseema Region (the study area) in the period 1997-2007. An analysis of the composition of the cost of production in the small scale industrial units in Rayalaseema Region (the study area) indicates that the increase in the cost of labour (Rs.827.54 to 1298.56 lakhs), raw material (Rs.7144.29 to 11244.53 lakhs), operation and maintenance (Rs.221.40 to 401.13 lakhs), transport and
marketing (Rs.347.49 to 536.76 lakhs), power and fuel (Rs.356.82 to 672.20 lakhs) and other costs (Rs.231.65 to 465.73 lakhs) has varied widely (54 to 101 per cent) in the small scale industrial units in Rayalaseema Region (the study area) in the period 1997-2007. The cost of labour (32 to 94 per cent), cost of raw material (22 to 103 per cent), the cost of operation and maintenance (33 to 151 per cent), cost of transport and marketing (29 to 179 per cent), cost of power and fuel (45 to 119 per cent) and other costs (32 to 167 per cent) have varied widely in various categories of the small scale industrial units in Rayalaseema Region (the study area) during this period.

The income generation has increased by 120 per cent (Rs.2091.38 per cent to 4593.61 lakhs) in the small scale industrial units in Rayalaseema Region (the study area) during 1997-2007. The growth rate of the income generation has been higher (9.15 per cent) in these small scale industrial units in this period. The increase in the income generation has varied widely (20 to 259 per cent) in various categories of the small scale industrial units in Rayalaseema Region (the study area) in this period. The growth rate of the income generation has varied widely (3.82 to 13.43 per cent) in various categories of the small scale industrial units in Rayalaseema Region (the study area) in the period 1997-2007. The estimates of parameters of a log linear regression model shows that there is significant effect of productive capital on the income generation in different categories and that of the small scale industrial units in Rayalaseema Region (the study area).

The sixth hypothesis of the study, that there is no significant increase in income generation in the small scale industrial units in Rayalaseema Region (the study area) is rejected. Hence, there is significant increase in income generation in the small scale industrial units in Rayalaseema Region (the study area).
The seventh hypothesis of the study that, there is no significant effect of the productive capital on the income generation of the small scale industrial units in Rayalaseema Region (the study area) is also rejected. Hence, there is significant effect of the productive capital on the income generation of the small scale industrial units in Rayalaseema Region (the study area). The analysis of variance result shows that the income generation is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area).

The entrepreneurs of the small scale industrial units in Rayalaseema Region (the study area) are facing the problems of the higher cost, inadequacy and poor quality of the raw material, higher cost of acquiring finance for meeting the capital requirements and shortage of the working capital, higher cost of labour and inadequacy of the skilled labour required, higher cost of marketing of the products associated with the inadequate facilities, shortage of the management expertise and the higher cost of the management, and the increasing cost along with the inadequacy of the infrastructural facilities. These problems have been constraining the possibilities for increasing the level of efficiency further, of the small scale industrial units in the study area.

To overcome the problems faced by the entrepreneurs of these small scale industrial units in the study area efforts have to be made, to increase the supply of the raw material in adequate quantities at reasonable prices on a continuous basis by maintaining the quality, by augmenting the flow of the finance for meeting the working capital requirements through the commercial banks and the promotional agencies at concessional rates of interest, to increase supplies of tools and requisite equipment for raising the efficiency of the labour, by providing the marketing facilities with the provision of the incentives for widening the market, for strengthening the entrepreneurial abilities and skills of the entrepreneurs for managing the small industry
efficiently ensuring the viability of the units, and to increase power supplies in adequate quantities continuously with reasonable tariffs and augment the transportation, communication and other infrastructural facilities further, for achieving rapid strides in the sustenance of the development of the small industry in the study area.
CONCLUSIONS

The specific conclusions of the study are the following.

- The promotion of the small industry and the sustenance of development are closely related.
- There is progress of small industry in Andhra Pradesh.
- There is significant increase in the fixed, working and productive capital in the small scale industrial units in Rayalaseema Region (the study area).
- There is significant increase in the employment in the small scale industrial units in Rayalaseema Region (the study area).
- There is significant effect of the productive capital on the employment of the small scale industrial units in Rayalaseema Region (the study area).
- The employment is different in the various categories of the small scale industrial units in Rayalaseema Region (the study area).
- There is significant increase in income generation in the small scale industrial units in Rayalaseema Region (the study area).
- There is significant effect of the productive capital on the income generation of the small scale industrial units in Rayalaseema Region (the study area).
- In view of this, the development of small industry has to be promoted further, to increase the generation of more employment opportunities so as to facilitate the labour absorption and to increase the income levels consequently and to promote the entrepreneurial talents for augmenting the process of industrialisation to sustain the development of the economy.

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