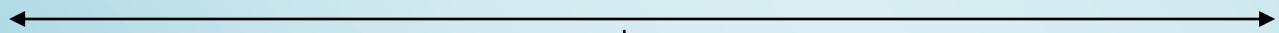


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**ISSN NO: 2454 - 9827**

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## PROSPECTS OF INDUSTRIALIZATION IN KURNOOL DISTRICT OF ANDHRA PRADESH

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### ABSTRACT

*In a vast country like India with varying agro-climatic and socio-economic conditions, location specific studies are highly required to understand the growth and performance of industries in different regions. Against this background, an attempt is made in the present inquiry at micro level to investigate the socio-economic characteristics, capital intensity, labour efficiency, productivity and profitability of industries in a backward area like Kurnool District of Andhra Pradesh.*

### INTRODUCTION

Industrialization is a process when an agrarian society transforms into industrial society. United Kingdom was the first to change into industrial country in 18th century and Asia was the second. First of all, the most important part industries play in a society is that they employ the people from every strata of society according to their abilities, as a result more industries, more employment. Industries play a vital role in the making a country prosper. Employers use their incomes and earnings in their own country and that money comes under the circulation of their own economy, which helps to rise the economic condition of the state. China is a good example of controlling the world economy while India controls Asian economy through industries.

When economic position of a country gets better, it automatically effects the living standards and the social life of the people. Industries have very much contributed to building and strengthening every facet of the world. We can see that we are surrounded by the things which are the blessings of industries and these blessings made our life easier and luxurious than ever. From food to shelter, from houses to offices, anything that we see is the impact of industries. Today, our instant foods, cosmetics, textiles are very minor examples of the success of industries.

Kurnool is a district in the state of Andhra Pradesh, India, located in the west-central part. The city of Kurnool is the headquarters of the district. It has a population of 4,053,463 of which 28.35% were urban as of 2011. It occupies 10th and 2nd place in terms of area in Largest Districts of India accounting for 17,658 square kilometers (6,818 sq mi) and 53rd place in terms of Population in India. Telugu is the official as well as the most widely spoken language in Kurnool. Languages such as Kannada and Urdu are spoken by a tiny minority of the population in Kurnool.

## TRANSPORTATION

Kurnool is considered as the Gateway of Rayalaseema as one must pass through Kurnool to reach Kadapa or Chittoor or Anantapur districts while travelling from Hyderabad. Kurnool is having the third largest bus station in Andhra Pradesh after Hyderabad and Vijayawada. Kurnool is connected to most cities and towns in Andhra Pradesh as well as to Bengaluru and Chennai by the Andhra Pradesh State Road Transport Corporation (APSRTC) and the Karnataka State Road Transport Corporation (KSRTC). National Highway 7 connects Kurnool to Hyderabad (210 km), Anantapur (140 km, three hours), Hindupur {245 km, 5.5 hours} and Bengaluru (360 km). The State Highway 51 connects to Srisailam, Vinukonda, Guntur, and Vijayawada. The National Highway 18 Kurnool-Chittoor connects the city to Panyam, Nandyal, Allagadda, Ahobilam, Mahanandi, Maidukuru, Kadapa, Rayachoty Pileru, and Chittoor.

Kurnool lies on the Hyderabad – Guntakal/ Gooty railway line. There are also frequent passenger trains to Hyderabad, Delhi, Chennai, Chittoor, Tirupati, Guntur, Jaipur, Madurai, Shirdi and Bengaluru. The nearest airport is Rajiv Gandhi International Airport, at Hyderabad, three and half hour's drive from Kurnool City.

### *Trade and Commerce*

The most important commodity manufactured and exported is groundnut oil while the most important commodity imported is pulses. Kurnool city is a trading centre for agricultural products like groundnut, cotton, corn, etc.

## OBJECTIVES

1. To study the growth, performance and problems of industries in India.
2. To study the demographic and industrial profile of Kurnool district.

## REVIEW OF LITERATURE

Anil K. Lal and Ronald W. Clement(2005) in their paper examine economic development in India, a former British colony that became one of the most closed economies in the world, to contrast the roles of government intervention and individual enterprise in that country's economic growth. In particular, the authors demonstrate that, given recent economic reforms in India, along with the evidence for the role that individual enterprise can play in a country's economic growth, the Indian government should devise policies that rely more on individual enterprise, with its emphasis upon individual initiative and self-interest, to spur economic development. Further, the authors describe the special role that can be played in the economic development of India by a greater emphasis upon entrepreneurship.

Jatinder Singh (2011) analyzes the bearing of FDI on market concentration with special reference to India's manufacturing industries during the post-reform period. The study made use of firm level and product level data and panel regression techniques to fulfill the objective. The estimated model has shown a positive and significant influence of FDI on market concentration. If the result of the study is any indication, the increased

inflow of FDI is likely to make India's manufacturing sector more concentrated and calls for policy measures to mitigate undesirable outcomes of FDI inflows.

Ruchika Gupta and Sanjay (2012) in their paper made an attempt to compare between these two sectors of the economy by using certain technical parameters. Data on unorganized sector has been taken from NSS 62nd round survey (July, 2005 to June, 2006) and for organized manufacturing sector Annual Survey of Industries (ASI) 2004-05 have been used. The paper also tries to make some suitable comparison by taking different comparable characteristics, such as Industry size (Workers per enterprise), Industrial Productivity (Input-Output Ratio), Workers' Efficiency (GVA per Worker & Output per Worker), Wage Rate (Emolument per Worker), Energy Efficiency (Fuel Consumption) for Production and Female Participation Ratio (Number of female worker per 1000 male worker) for both organized and unorganized sectors.

Fulwinder Pal Singh (2012) in his paper endeavors to analyze the TFP growth trends in Indian manufacturing sector at both aggregated and disaggregated inter-state levels. Using the Malmquist productivity index for panel dataset of 16 major industrial state over a period of 29 years spanning over 1979-80 to 2007-08, the study observed manufacturing sector of India is growing with 9.1 percent per annum growth of Total Factor Productivity (TFP) during the entire study period. Out of Sixteen Industrial states there are five states namely Uttar Pradesh, Madhya Pradesh, Gujarat, Orissa and Rajasthan where double digit TFP growth has been noticed. The manufacturing sector of Uttar Pradesh is growing with highest TFP growth at the rate of 12.8 percent per annum followed by Madhya Pradesh with TFP growth of 11.8 percent per annum. The analysis of the sources of the TFP growth in Indian manufacturing sector reveals that both technical progress and technical change are equally contributing TFP growth in sector under evaluation. It has also been observed that at all India level efficiency change is greater than technical progress.

Mishra R. K. and Inder Sekhar Yadav (2013) in their paper examines the industrial structure and performance, at all India, A P and Gujarat levels using the ASI data from 2000-01 to 2010-11 on some of the major structural and technical parameters. To analyze the structural changes at all India and selected states level, variables like the number of factories, fixed capital, working capital, total number of workers, net value added, gross fixed capital formation, total input, total output and depreciation are used. To examine the industrial performance, structural ratios such as workers per factory, fixed capital per factory, gross real output per worker and net real value added per worker and technical coefficients like fixed capital to gross output (capital output ratio) and net value added to gross output are employed. Analysis established that, some of the key industrial indicators like fixed capital, working capital, total output and net value added both at the selected states and national level were observed to be increasing during the period of study. The analysis also confirmed that the number of factories operating under Factories Act, 1948 in AP, Gujarat and at all India level has marginally increased. The growth in the Gross fixed capital formation showed a mixed response of rise and fall. The analysis of structural ratios confirmed that the ratio of real output per worker at national and states level has increased, the ratio of number of workers per factory and the ratio of fixed capital per factory' has mildly increased. Finally, the technical coefficient viz., the capital output ratio was found to be dropping. On the whole the analysis revealed that the industrial sector of Gujarat is significantly contributing to the national average compared to AP.

In *Labour dynamics in the registered manufacturing sector - an experience from the last decade*, Soumya Chakraborty and Soumendra Chattopadhyay (2014) analyzes employment data of ASI for the period 2000-01 to 2010-11 and explore the potentiality of such data in describing the labour dynamics in the manufacturing sector, both in terms of its composition and wage structure, keeping in perspective the issue of labour productivity. The paper studies how the composition of work force, especially in terms of regular and contractual workers and also gender-wise has changed in the last one decade. One important finding of the paper is that the wage gap between the regular and contractual workers got reduced over the last decade at all India level. However, the wage gap between the regular workers and supervisory staff has increased significantly almost in all the states and at all India level during this period.

Alivelu G., (2014) in her study analyzed whether inter-regional disparities in industrial activity increased during the last two decades in Andhra Pradesh. Further, the study makes an attempt to focus on the pattern of disparities in the post-reform period in the three regions (Coastal Andhra, Telangana, and Rayalaseema). In all the three regions the District Domestic Product (DDP) from industry registered an increase in the post-reform period with the increase being the highest in Rayalaseema. However, the author observes that the registered manufacturing accounted for a negative growth rate in Rayalaseema in the post-reform period as compared to the pre-reform period. The analyses of the structural ratios across the three regions reveal that the capital-output ratio performed better in Telangana in post-reform period when compared to the other two regions. Labour productivity increased in all the three regions in the post-reform period and the increase is the highest in Coastal Andhra. Industrial base of Coastal Andhra is comparatively wide consisting of 8 out of 12 industries having location quotient more than one. Telangana comes next with 6 industry group having a higher than one location quotient. Rayalaseema has the narrowest industrial base with only 3 product groups having a location quotient greater than one. Further, Rayalaseema has the lowest specialization coefficient for almost all the product groups excepting manufacture of tobacco products and manufacture of non-metallic mineral products.

In *The Contribution of the Manufacturing Sector in the path of Inclusive Growth in the Indian Economy*, Atreyee Pal (2014) analyses the contribution of the secondary (manufacturing) sector on the growth pattern of the Indian economy in terms of both income and employment generation during 1983-84 to 2009-10 (secondary sector). While the data on income have been collected from the CSO publications and the RBI website, the unit level data as well as published reports on Employment/Unemployment from the quinquennial (thick) rounds of the NSSO have been used for examining issues relating to employment. This analysis has been extended into further levels of disintegration in terms of states, regions (rural & urban), production sectors as well as gender wherever possible. Along with other issues the paper addresses the issue of quality of employment in terms of the proportion of 'working poor' from the NSSO data. What one may point out is that the paper tries to integrate ASI data with other official data for discussing the issues related to the manufacturing sector of the economy.

Ravindra Tripathi, Iftaqar Ahmad (2015) in their paper made an attempt to analyze the present policies that has been presently running in context to unorganized manufacturing sector and its future prospects with respect to China. As we all know manufacturing sector in India is the driving force for growth, prosperity and sustainable development of the Indian Economy, therefore it is the need of the hour to pull the unorganized manufacturing sector which accounts for 80% of the total manufacturing sector including unorganized

manufacturing sector but in generates only 33% of the total income generated from the manufacturing sector in India.

### ***Industries***

In Kurnool district, there are large scale and medium scale industries with an investment of Rs. 51,017.72 lakhs. The number of small scale units are 18,852 providing employment to 46,465 workers with an investment of Rs. 19, 757, 72 lakhs. There are 777 factories with a working capital of Rs. 6,206 lakhs.

### ***Growth trend***

As per Government of AP statistics collected from time to time, there were 54 Large and Medium industries in the district in the year 2000. This has reduced to 39 now. This may be due to many Medium scale industries coming into the MSME fold.

### ***Vendor/ Ancillarization***

Kurnool district has a number of Oil mills, textile mills, stone polishing units, cement plants, and chemical industries. MSE units may benefit from the backward and forward linkages that these units provide. There is scope for manufacture of spares and components of these firms, and manufacture of essential parts like bearings, bolts and nuts, abrasive materials, grinders, industrial gloves, effluent treatment plants etc.

### ***Medium scale units***

Prior to MSMED Act, in 2006, Medium scale units were not particularly defined. After 2006, no Medium scale units have been registered in the district.

The major exportable items includes Polished slabs (esp Bathemcherla variety), granite slabs, polished stones, rice etc.

### ***Manufacturing Cluster***

Kurnool district is famed for Bathemcherla stones in Bathemcherla town and Ground nut oil mills cluster of Adoni., artificial diamonds and artificial jewelery of Kurnool, Carpets and Dhurries cluster of Adoni, Cane and Bamboo cluster of Ahobilam, and stone carving cluster of Allagadda.

### ***Registered MSME Units***

The particulars with regard to registered Micro Small and Medium (MSME) industries in Kurnool district is presented in table 1.

**Table-1**  
**Year Wise Trend of MSME Industrial Units Registered in Kurnool District**

S. No	Year	Number of Registered Units	Growth Per Cent
1	Up to 1996-97	3879	-
2	1997-98	3956	1.99
3	1998-99	4049	2.35
4	1999-2000	4112	1.56
5	2000-01	4164	1.26
6	2001-2002	4207	1.03
7	2002-03	4247	0.95
8	2003-04	4281	0.80
9	2004-05	4303	0.51
10	2005-06	4337	0.79
11	2006-07	4366	0.67
12	2007-08	4410	1.01
13	2008-09	4485	1.70
14	2009-10*	4589	2.32
15	2010-11*	4731	3.09
16	2011-12*	4853	2.58

Source: Commissionerate of Industries, Government of AP. \* Estimated Figures

It is evident from table 1 that the number of registered MSMEs in the district is gradually increasing during 16 years of study. In 16 years span around 974 new MSME industrial units were registered in the district. On an average 60.88 new industries were registered per year in the district. Lowest growth rate of 0.51 per cent in the number new industrial units is registered in the financial year 2004-2005. On the other hand highest growth rate 3.09 per cent was registered in 2011-2012. It is pertinent to note that there are no negative trends in the growth rate of number industrial units in the district.



**Employment Trends**

The year wise employment trends in the registered Micro Small and Medium (MSME) industries in Kurnool district is depicted in table2.

**Table-2**  
**Year Wise Trend of Employment in Registered MSME Industrial Units in Kurnool District**

S. No	Year	Number of Persons Employed	Growth Per Cent
1	Up to 1996-97	32653	-
2	1997-98	33536	2.70
3	1998-99	34563	3.06
4	1999-2000	35215	1.89
5	2000-01	35730	1.46
6	2001-2002	36332	1.68
7	2002-03	36862	1.46
8	2003-04	37267	1.10
9	2004-05	37575	0.83
10	2005-06	38026	1.20
11	2006-07	38402	0.99
12	2007-08	39039	1.66
13	2008-09	40132	2.80
14	2009-10	41062*	2.32
15	2010-11	42333*	3.10
16	2011-12	43425*	2.58

Source: Commissionerate of Industries, Government of AP. \* Estimated Figures

The data in table 2 shows that the number of people employed in the registered Micro Small and Medium (MSME) industries in Kurnool district is steadily increasing over the years. During 16 years of study nearly 10, 772 individuals got employment in MSME industrial units in the district. It means on an average 673.25 persons got employment opportunities in the MSME sector per year in the district. There are no negative trends in the

growth rate of employment in MSME sector in the district. The lowest (0.83 per cent) and highest (3.10 per cent) growth rates in MSME sector employment is registered in 2004-2005 and 2010-2011 respectively.

### *Employment Trends*

The year wise investment trends in the registered Micro Small and Medium (MSME) industries in Kurnool district is depicted in table3.

**Table-3**  
**Year Wise Trend of Investment in Registered MSME Industrial Units in Kurnool District**  
**(Amount in Rs. Lakh)**

S. No	Year	Number of Registered Units	Growth Per Cent
1	Up to 1996-97	6282	-
2	1997-98	6882	9.55
3	1998-99	7733	12.37
4	1999-2000	7984	3.25
5	2000-01	939	-88.24
6	2001-2002	10564	1025.03
7	2002-03	11589	9.70
8	2003-04	12106	4.46
9	2004-05	12490	3.17
10	2005-06	13340	6.81
11	2006-07	13895	4.16
12	2007-08	15543	11.86
13	2008-09	17734	14.10
14	2009-10	18145*	2.32
15	2010-11	18707*	3.10
16	2011-12	19190*	2.58

Source: Commissionerate of Industries, Government of AP. \* Estimated Figures

It is clear from table 3 that there are wider fluctuations in the investment trends in MSME sector in the financial years 2000-2001 and 2001-2002 in the district. The highest negative growth rate of -88.24 per cent was registered in 2000-2001. In the consecutive year the highest positive growth rate of 1025.03 per cent was registered. It is due to sharp increase in the investment amount 2001-2002. Except 2000-2001, positive growth rate in investment are noticeable.

## CONCLUSION

Industrialization has come to be regarded as synonymous with economic growth and development. No region desirous of rapid economic progress can afford to neglect industrialization. Industrialization can help the progress of agriculture, trade, transport and all other economic activities. Industrialization is the key to economic development. All advanced countries of the world are industrialized. It will make the best possible use of our human and physical resource. All types of goods for all types of people should be produced in large, medium, cottage and small scale industries.

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