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Factors of Influencing the Locations of the Small Scale Industries in Industrial Estates of Kurnool District of Andhra Pradesh

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Abstract:

Industrial development has played a crucial role in the process of economic development of all countries of the world, including India. Industrialization of developing countries and its role in economic transformation is essential in order to attain economic and social growth. They play an important role in employment creation, resource utilization and income generation and help promote changes in a gradual and phased manner. Industrial sector is a pressing need of developing countries like India. Because of scarcity of capital, underutilization of natural resources, population explosion, underdeveloped infrastructural facilities, low level of technology, political instability, excessive dependence on agriculture, excessive dependence on imports and social attitude the growth is very slow. An effective development policy is to be framed to attempt to increase the use of labour, relative to capital to the extent that it is economically efficient. Industrial development is possible by providing adequate infrastructure and other facilities. It may also be necessary to have well conceived programme of industrial development appropriate to situations. Since independence, India has started a massive planned programme of fast industrialization.

The Kurnool district of industrial estates in Many important geographical factors involved in the location of individual industries are of relative significant. Availability of raw material, power resources, water, labour, markets and the transport facilities. But besides such purely geographical factors influencing industrial location, they are factors of historical, human, political and economic nature which are now tending to surpass the force of geographical advantages. Consequently, the factors influencing the location of industry.

Keywords: *Industrial development, industrialization, social growth, employment, capital, geographical factors, location of industry*

1. Introduction

Industrial development has played a crucial role in the process of economic development of all countries of the world, including India. Industrialization of developing countries and its role in economic transformation is essential in order to attain economic and social growth. They play an important role in employment creation, resource utilization and income generation and help promote changes in a gradual and phased manner. They have been given an important place in the framework of Indian planning since the beginning, both for economic and ideological reasons. The reasons are obvious. Rapid industrial development contributes to the process of accelerated economic growth and welfare. Indian economy is one of the thresholds of change today, consequent upon the economic reforms initiated in 1991. The reforms in different spheres of economic activity have led to changes in various ways. It is the production of industrial goods that helps and sustains the momentum of growth in a developing economy.

Taking into account the advantages, the development of small enterprises has been assigned a crucial role in India's five year plans. With a view to protect, support and promote small enterprise, to become self supporting and to facilitate balanced growth, a number of policies and promotional measures have been taken by Government of India in this respect and brought the establishment of Industrial Estate in the country.

1.1. Industrial Infrastructure Development Fund (IIDF)

The Government has introduced the scheme of Industrial Infrastructure Development Fund (IIDF) for providing financial assistance to develop infrastructure facilities at the doorstep of the proposed industrial estates/unit. The facilities include,

1. Drinking water and industrial water,
2. Electricity, roads and telecommunications,
3. Drainage, laying of drainage line from the unit/industrial estate to the existing point or to the natural drainage point.
4. Any other infrastructure facilities as approved by the Government SLC and in common effluent treatment plans.

The industries which are declared as ineligible industries, under the industrial policies announced from time to time are not eligible for financial assistance from industrial infrastructure development fund. The Government estates shall only be considered to have the benefits of the IIDF. The industries proposed to be located in place other than industrial areas (isolated areas) are eligible for financial

assistance towards the cost of infrastructure facilities up to 50 percent of the cost of the project or Rs.100 lakhs whichever is less, if such a location is otherwise justified. The decision of the SLC shall be final on such eligibility. The cost of Infrastructure to be developed should not exceed 15percent of the total project cost of the unit.

1.2. Integrated Infrastructural Development Centers (IIDC)

The Integrated Infrastructural Development Centers (IIDC) are to facilitate setting up of industries in rural/backward areas and to provide stronger linkages between agriculture and industry. The cost of the centre will be financed by the Central Government by way of grant and the balance as loan from SIDBI.

Generally, location of industries is influenced by economic considerations, though certain non-economic considerations also might influence the location of some industries. Maximization of profit which also implies cost minimization is the most important goal in their choice of particular places for the location of industries. There are several factors which pull the industry to a particular place. Some of the major factors influencing by the location.

2. Need for the Study

The Government is offering a wide range of incentives and introducing favorable policies and programmes to promote small scale industries. However, the growth of this sector has been relatively slow and not encouraging. Hence, this study is being undertaken and designed to analyze the socio economic profile of small scale industries, growth pattern, location aspects, structure of manpower, capital and other problems of small scale industries and industrial estates in Kurnool district of Andhra Pradesh.

2.1. Objectives

The present study is “Factors of influencing the locations of the small scale industries in industrial estates of Kurnool district of Andhra Pradesh.” has the following objectives. To examine the profile of sample small scale industries in industrial estates of Kurnool district of Andhra Pradesh and to analyze the effect of location factors of sample small scale units in Industrial Estates of Kurnool district of Andhra Pradesh. To suggest feasible measures to promote successful small scale industries in Industrial Estate’s of Kurnool district of Andhra Pradesh.

2.2. Methodology

The present study is based on the primary data and secondary data. The primary data covering all the aspects of small scale industries in accordance with the objectives of the study are collected through questionnaire and interview with the sample small scale industries and managers of the sample small scale industries. The secondary data are collected from the relevant publications of the Government of India like Development Commissioner Small Scale Industries, New Delhi, Andhra Pradesh Industrial Infrastructural Corporation, Hyderabad, Commissioner, of Industries, Government of Andhra Pradesh Hyderabad, District Industries Centre Kurnool, Andhra Pradesh Industrial Infrastructural Corporation, Kurnool, Chief Planning Officer.

2.3. Hypothesis

The following hypothesis are formulated to test the validity of the study, there is no significant difference between the location factors among the different categories of the established the small scale industries.

2.4. Sample Design

The methodology explains that the purposive random sampling method is employed for the selection of small scale industries in the industrial estates. From each category 50 percent of the sample small scale industries have been selected at random. Thus the study covers a total sample of 158 small scale industries covering all the 9 categories of industrial estates. The category wise distribution of sample small scale industries is shown in Table-1.

Sl. No	Categories of Small Scale Industries	Total Small Scale Industries	Percent	Total Sample
1	Agro based industries	54	50	27
2	Chemical based industries	37	50	19
3	Engineering based industries	43	50	22
4	Food based industries	26	50	13
5	Forest based industries	3	50	2
6	Mineral based industries	50	50	25
7	Plastic and rubber based industries	45	50	23
8	Textile based industries	26	50	13
9	Miscellaneous based industries	27	50	14
	Total	311	50	158

Table 1

Source: Secondary Data, APIIC Kurn013

2.5. Tools of Analysis

The primary and secondary data collected through various means has been scientifically analyzed by applying appropriate statistical tools such as the simple averages and percentages, linear growth rates, percentages, analysis of variance and co-efficient of variance.

2.6. Limitations

The primary data are obtained by survey method. The present study is on small scale industries of Industrial Estates in Kurnool district of Andhra Pradesh. The study covers the profile of small scale industries and location aspects of small scale industries in Kurnool district.

3. Factors Influencing the Locations of the Sample Small Scale Industries

Location factors are very significant in industrial development. The factors are divided into economic and non economic factors. Industries are primarily profit motive and maximization of profit is the most important goal in their choice of a particular place for the location of industries. Some of the major factors influencing location are, availability of raw materials, labour, transport facility, proximity to native place, marketing facilities, availability of skilled labour, finance, and other infrastructural facilities in the Industrial Estates of Kurnool District.

The various factors that are influencing the location of the Kurnool district industrial estate of sample small scale industries area analyzed in Table-2.

Sl.No	Categories of Entrepreneurs	Near to Native Place	Marketing Facilities	Availability of Raw Material	Labour and Transport Facility	Industrial Estates and Infrastructure Facilities	Availability of Skilled Labour	Total
1	Agro based industries	4 (14.81)	5 (18.51)	5 (18.51)	3 (11.11)	5 (18.51)	5 (18.51)	27
2	Chemical based industries	3 (15.78)	2 (10.52)	1 (5.26)	4 (21.05)	5 (26.31)	4 (21.05)	19
3	Engineering based industries	3 (13.63)	3 (13.63)	2 (9.09)	5 (22.72)	4 (18.18)	5 (22.72)	22
4	Food based industries	1 (7.69)	3 (23.07)	3 (23.07)	2 (15.38)	2 (15.38)	2 (15.38)	13
5	Forest based industries	-	-	1 (50)	-	-	1 (50)	2
6	Mineral based industries	3 (12)	4 (16)	6 (24)	4 (16)	5 (20)	3 (12)	25
7	Plastic and rubber based industries	2 (8.69)	5 (21.73)	3 (13.04)	5 (21.73)	4 (17.39)	4 (17.39)	23
8	Textile based industries	2 (15.38)	3 (23.07)	2 (15.38)	2 (15.38)	2 (15.28)	2 (15.38)	13
9	Miscellaneous based industries	2 (14.28)	2 (14.28)	3 (21.42)	3 (21.42)	2 (14.28)	2 (14.28)	14
	TOTAL	20 (12.65)	27 (17.08)	26 (16.45)	28 (17.72)	29 (18.35)	28 (17.72)	158 (100)

Table 2: Distribution of Sample Small Scale Industries in the Selection Factors Influencing the Locations in Kurnool District of Andhra Pradesh
Source: Researcher compilation.

Note:-Figures in brackets are percentages to total sample small scale industries.

The above Table-2 reveals that out of 158 sample small scale industries, 12.65 percent (20 units) were established in the nearer to the native place and 17.08 percent (27 units) was setup due to proximity of marketing facilities. Another important aspect noticed is that majority of sample small scale industries (26 units) comprising 16.45 percent of the sample small scale industries are located basing on the availability of raw material. The availability of labour and transport facilities have influenced the location of the sample small scale industries. Among the sample small scale industries, 18.35 percent (29 units) are located in industrial estates where infrastructure facilities are available, while the availability of skilled labour influenced the location of 17.72 percent of the sample small scale industries in the study area.

Out of 27 agro based sample small scale industries, 14.81 percent were established nearer to the native place and 18.51 percent was set up due to proximity to marketing facilities, availability of raw material, infrastructure facilities are available, and availability of skilled labour in the study area. The availability of labour and transport facilities have influenced the location of 11.11 per of the sample small scale industries. In chemical based small scale industries, 15.78 percent was established in the near to native place and 10.52 percent was setup in the proximity of marketing facilities. In engineering based small scale industries, 13.63 percent was established nearer to the native place and marketing facilities.

The labour and transport facilities and skilled labour have influenced the location of 22.72 percent of the sample small scale industries. Among the 18.18 percent are located in industrial estates where infrastructure facilities are available for the sample small scale

industries. In food based small scale industries, 7.69 percent were established nearer to the native place and 23.07 percent were setup in the proximity of marketing facilities and the availability of raw material. The availability of labour and transport facilities, located in industrial estates and infrastructure facilities and skilled labour are 22.72 percent in the study area. Out of The forest basing 50 percent are located based on the availability of raw material and the availability of skilled labour that influenced the location of the sample small scale industries in the study area.

study area. The mineral based small scale industries, 12 percent were established the nearer to the native place and the availability of skilled labour influenced the location in the The 16 percent was setup in the proximity to marketing facilities and availability of labour and transport facilities have influenced the location of the sample small scale industries. In Textile based small scale industries, 15.38 percent were established in the nearer to the native place, industrial estates where infrastructure facilities, the availability of raw material, the labour and transport facilities, skilled labour, the industrial estates where infrastructure facilities are available of the sample small scale industries..

4. Findings

The findings and results of the study are presented in the followings are

1. The out of 158 sample small scale industries, 12.65 percent (20 units) were established in the nearer to the native place
2. 17.08 percent (27 units) was setup due to proximity of marketing facilities.
3. The majority of sample small scale industries (26 units) comprising 16.45 percent of the sample small scale industries are located basing on the availability of raw material.
4. The availability of labour and transport facilities have influenced the location of the sample small scale industries. Among the sample small scale industries, 18.35 percent (29 units) are located in industrial estates where infrastructure facilities are available, while the availability of skilled labour influenced the location of 17.72 percent of the sample small scale industries in the study area.
5. Out of 27 agro based sample small scale industries, 14.81 percent were established nearer to the native place and 18.51 percent were set up due to proximity to marketing facilities, availability of raw material, infrastructure facilities are available, and availability of skilled labour in the study area.
6. In Textile based small scale industries, 15.38 percent were established in the nearer to the native place, industrial estates where infrastructure facilities, the availability of raw material, the labour and transport facilities, skilled labour, the industrial estates where infrastructure facilities are available of the sample small scale industries.

5. Suggestions

On the basis of analysis made in the previous chapters and its recapitulation, a few suggestions may be put forward for smooth and accelerated growth of small scale industries in Industrial Estates of Kurnool district of Andhra Pradesh.

1. The solve the problems of the entrepreneurs; the Government should formulate an integrated approach.
2. Among the operational problems non-availability of raw material and skilled labour and competition are the major problems faced by the small scale industrial units in the present study. Efforts are needed from the government agencies to overcome this problem by providing the necessary mechanism.
3. The setting up of raw material servicing centre at Kurnool will help to solve the raw material problems to some extent.
4. The financial institutions should introduce flexibility in their lending policies, financial assistance may be provided more liberally to viable projects
5. The most of the sample small scale industries felt that infrastructure and technical assistance are significant facilitating factors. Hence, due attention must be paid to these factors to help entrepreneurs.
6. The level of success of the units may be enquired by District Industries Centre periodically and deficiencies may be identified and training may be arranged for rectifying the defects and removing the deficiencies in the organization/ management.
7. In order to solve the labour, some incentives should be given to workers, incentives like the house site near the industrial estate, rent free accommodation, free education facilities to their children's will definitely solve this problems. Such incentives will make the workers more efficient and add to the productive capacity of the units.

6. Conclusion

The measures suggested above, if implemented sincerely, can ease out the problems of small scale industries and help their development to a large extent. What is required most is a positive approach on the part of the Government and financial and other institutions towards the growth of small scale industries in Kurnool district in Andhra Pradesh.

7. References

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