



Growth and Development Factors for Industrialization in SPS Nellore District, Andhra Pradesh: A Review

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Abstract

Industrialization in India is buzzword today. All the states and the potential regions of the nation have been marketing to develop the industries to accelerate the country's economy. In this aspect SPS Nellore District of Andhra Pradesh is also identified as the one of the potential area for industrial development. Therefore, the central government and state government are initiating various projects and special economic zones to attract the entrepreneurs from all large, medium and small scale sectors. This paper is highlighting the various growth factors that influences in the development of industries in SPS Nellore District, Andhra Pradesh.

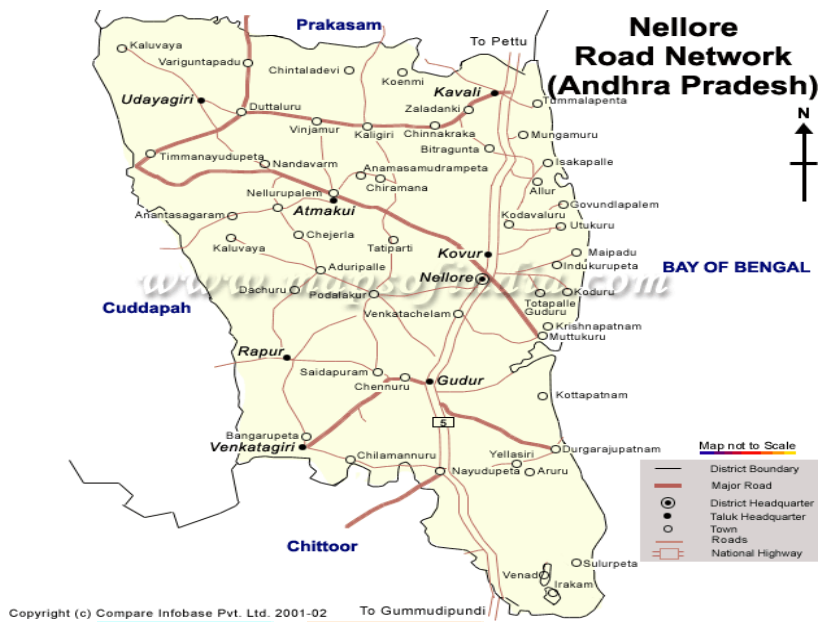
About the SPS Nellore District²

Nellore (now renamed as Sri Potti Sriramulu Nellore district) is the southern-most district of Andhra Pradesh. The district is under sub-agro climatic zone with an average rain fall of 700-1000mm. It is endowed with rich soil suitable for agriculture. The soil comprises of black soil (23%), 43% red soil, and 34% clay loamy. There are no perennial rivers in the district. The important rivers are Pennar, Kandaleru, Swarnamukhi. Regarding the location and geographical area, the district is located between 13.30- 15.6 Northern latitude and 70.5-80.16 eastern longitude. The geographical area is 1307600 Hectares.

The district is bounded on the north and south by Prakasam and Chittoor districts respectively, on the eastern side by Bay of Bengal and on the west by Veligonda hills bordering Kadapa district. Nellore district is famous for good quality of Mica. The district is also rich in other minerals like quartz, silica, barites, vermiculate and laterite.

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² AP Handbook of Statistics, 2011-12, Govt. of AP



The total forest area in the district is 2.62 lakh hectares. The forest area is concentrated in Venkatagiri, Udayagiri, and Podalakur mandals and is covered by bamboo, Cashew, Casuarinas, Eucalyptus and shrubs. There are five revenue divisions in the district. Kavali, Gudur, Nidupet and Nellore divisions and 46 mandals

Industrial Outlook of the SPS Nellore District:

The structural composition of industries in the district is seen that Food and agro based industry, followed by Engineering based are the dominant groups of industries in the district, in terms of number of units, investment and employment, though the food products industry is more labour intensive of the two. Miscellaneous products and services constitute 40.8% of the total number of units. Disaggregated data in this sub-head would have enabled us to analyze the contribution of small service establishments in the SSI sector.

Large Scale Industries in the District:

There are 110 large scale units in the state, of these nearly one thirds are engaged in the manufacture of processed/ preserved sea food like shrimps, prawns and fish. These are concentrated along the coast in the district. The other major product groups are Dairy products, granite slabs and pharmaceuticals. Major exportable items are processed fish, prawns, lobsters and other sea food items, granite slabs and monuments, steel and the medium scale enterprises already in existence are engaged in the production and export of aqua products, granite slabs, engineering products and food (dairy) products etc

Table.1

EXISTING MICRO & SMALL ENTERPRISES

S. NO.	TYPE OF INDUSTRY	% NUMBER OF UNITS	% INVESTMENT (LakhRs.)	% EMPLOYMENT
1.	Food and agro based	12.6	20.9	16.6
2.	Textile based	8.9	3.65	0.69
3.	Mineral based	1.06	2.36	2
4.	Forest based	9.86	8.69	8.69
5.	Paper based and printing	0.19	1.54	0.3
6.	Chemical based	4.37	1.08	6.81
7.	Plastic and rubber based	5.95	3.82	4.06
8.	Building materials	0.67	9.74	13.9
9.	Engineering	12.3	17.1	10.5
10.	Electronics	3.01	1.34	2.27
11.	Miscellaneous including services	40.8	29.2	33.9

Source: AP Handbook of Statistics, 2011-12, Govt of AP

Potential Areas for Service Industry:

South Nellore district is an industrial belt, with many large scale industries including Public Sector Undertakings, and MNCs . There exists wide scope for service providing MSMEs to set up tool rooms, machine shops, testing centres, design centres, CAD/CAM centres, IT service providers, BPOs, etc in the industrial belt. Other services like DTP Centres, Market consultancy agencies, financial accounting services, Chartered Accountants, X ray clinics, Diagnostic services, DTP, Xerox, and other Hand holding services, etc have ample scope for development.

Service enterprises -Nellore district has many industrial pockets which offer scope for development of industry related service enterprises. Service industry forms a sizeable portion of the MSME sector. Proximity of Nellore district, (especially, the southern parts which have a good concentration of industries) to the metro city of Chennai, which is an industrial hub, with all testing facilities is an advantage. However, there is still immense scope for establishment of service enterprises.

Existing Clusters in the district Details of major clusters: Nellore district has a fascinating mix of traditional and modern industry, ranging from small artisan workshops to huge Multi National companies. Nellore district has many traditional handloom and handicraft clusters, some of which are dying clusters. The Leather puppets of Udayagiri , saw dust stuffed dolls and wooden chariots of Varigonda, Thunga mats, and wooden cutlery cluster of Udayagiri, palm leaf products (Garlands, hats, waste paper

baskets, trays, artificial flowers, mats, etc) of Venkateswara nagar and fabric paintings of Thummur (Naidupet) are traditional handicraft clusters in the district.

Nellore district is famed for its handlooms. Venkatagiri and Paturu saris are famed for their zari(brocade work), texture and colours. Around fifteen thousand families are engaged in these works in the areas of Venkatagiri, Kovur, Atmakur, Indukurpet, Podalakur, Sullurpet and Buchireddypalem. Weavers societies are present in these areas. The handloom industry is facing problems of shortage of working capital, market, etc.

Clusters in manufacturing cluster: Handloom, handicrafts, wooden cutlery, aerated water cluster, rice mill cluster etc

Growth Factors of Industrialization in SPS Nellore District:

There are many factors influences the industrial growth in a particular region on place. However, in the SPS Nellore district has very unique features of the environment which supports the industrial development. The following are the major factors of the growth of the industries in the region.

Coastal Belt of South India: Nellore district has 347 Km of the costal belt which is more potential for the three sea ports. Krishnapatanam, Duggaraju patanam, and Ramaiah patanam is the well identified ports. This is well connected to the Bay of Bengal.

Krishnapatanam Port: which is the fastest growing port connected to the different countries to export and import of the different goods.

Menakur SEZ: A state of art of the special economic zone which was established in the year 2000. This is very helpful to the new entrepreneurs to establish their enterprises.

Sri City: one of the biggest multinational industries Special Economic Zone. Three are 80 different MNCs companies are doing their operations and providing good number of job opportunities to the youth of both Nellore and Chittoor district.

Costal Corridor: it is state government proposal from AP south to AP north cost corridor for the industries and especially agro-based industries.

Chennai-Nellore-Bangalore Corridor: It is central government proposal plan connecting the three states industrial corridor. The huge amount is going to spend for this corridor to encourage and develop the industries. This mega project may help a lot to the both existing and new industries in this region.

In the year 2004, there were 38 Large and Medium scale industries in Nellore district, with an investment of 840 crores and providing employment to 7857 persons. The large scale sector grew at an annual rate of 16.4%.

Tenderization/ Ancillarization : There are many MNCs and large scale industries in the district offering immense scope for development of vendors, in the supply of components, sub- components and services

General Issues in the Industry:

Lack of working capital is a common problem among existing industries in the district. Short supply of power is another problem that is hitting the industry, especially the industrial sector hard. Products of MSMEs face stiff competition from the more industrially developed neighboring state of Tamil Nadu. There are 110 large scale units in the state. Of these nearly one thirds (35Nos) are engaged in the manufacture of processed/ preserved sea food like shrimps, prawns and fish. These are concentrated along the coast in the district. The other major product groups are Dairy products, granite slabs, pharmaceuticals etc.

Mobilization of resources and entrepreneurial skill:

Small-scale industries can mobilize a good amount of savings and entrepreneurial skill from rural and semi-urban areas remain untouched from the clutches of large industries and put them into productive use by investing in small-scale units. The small enterprises are also contributing in the development of the economy.

Equitable distribution of income:

Small entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive. Thus small-scale industries ensure equitable distribution of income and wealth in the Indian society which is largely characterized by more concentration of income and wealth in the organized section keeping unorganized sector undeveloped. This is mainly due to the fact that small industries are widespread as compared to large industries and are having large employment potential.

Regional dispersal of industries:

There has been massive concentration of industries in a few large cities of different states of Indian union. People migrate from rural and semi urban areas to these highly developed centres in search of employment and sometimes to earn a better living which ultimately leads to many evil consequences of over-crowding, pollution, creation of slums etc. This problem of Indian economy is better solved by small- scale industries which utilize local resources and bring about dispersion of industries in the various parts of the country thus promoting balanced regional development.

Provides opportunities for development of technology:

Small-scale industries have tremendous capacity to generate or absorb innovations. They provide ample opportunities for the development of technology and technology in return, creates an environment conducive to the development of small units. The entrepreneurs of small units play a strategic role in commercializing new inventions and products. It also facilitates the transfer of technology from one to the other. As a result, the economy reaps the benefit of improved technology.

Indigenization:

Small-scale industries make better use of indigenous organizational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development. They provide productive outlets for the enterprising. Independent people. They also provide a seed bed for entrepreneurial talent and a testing ground for new ventures.

Promotes exports:

Small Scale Industries have been registered a phenomenal growth in exports over the years. The value of exports of products of small-scale industries has increased from ` 393 crore in 1973-74 to ` 71, 244 crore in 2002-03. This contributes about 35% of India's total export. Thus they help in increasing the country's foreign exchange reserves thereby reducing the pressure on country's balance of payment. Of course, increase in number of units, production, employment and exports of small- scale industries over the years are considered to be essential for the economic growth and development of the country. It is encouraging to mention that the small-scale enterprises account for 35% of the gross value of the output in the manufacturing sector, about 80% of the total industrial employment and about 40% of total export of the country.

Conclusion:

SPS Nellore district is the most vulnerable place to the new enterprises and development of the industries in future. Due to all the major projects and government initiations will leads to progression in the industrial growth and development in this region.

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