

# Growth and Decline of Employment in the Industries of Andhra Pradesh

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## ARTICLE DETAILS

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## ABSTRACT

Industry is a branch of trade or manufacturing activity which is generally concerned with production of goods for market. Industrial activity, invariably includes mechanical invention and technological innovation that help maximum production with minimum expenditure. For the past couple of years, the Andhra Pradesh government has taken several measures for industrial development. Andhra Pradesh is a state in the south-east region of India, bordering Telangana in the north, Tamilnadu in the south, Karnataka in the west and Odissa to the north east. Hyderabad is used to be the capital of Andhra Pradesh till state bifurcation of Telangana in the year 2014. Now, Amaravathi is the new formed capital of Andhra Pradesh, the population of the state in 2011 is 4.93 crores. With a geographical area of 1,60,205 sq kms. Further, this is the second largest state of our country in terms of coastal length with a long 974 K.M coastal belt. Andhra Pradesh is endowed with abundant of natural resources like asbestos, bauxite, wood, coal mines, mica mines, manganese mines and oil resources are available in the state. The growth of employment has come down in both the categories of industries because majority of industries were either closed down or defunct. Therefore, tens of thousands of people were lost their jobs. Further, small scale industries turned out as important industries in the state.

## 1. Introduction

Industry is a branch of trade or manufacturing activity which is generally concerned with production of goods for market. Industrial activity, invariably includes mechanical invention and technological innovation that help maximum production with minimum expenditure. To achieve rapid industrialization, sincere efforts are needed in developing countries to mechanize the manufacturing processes more and more to get their people trained in modern technology and to promote research for finding improved techniques of production. For the past couple years the Andhra Pradesh government has taken several measures for industrial development. To obtain optimum utilization of the available natural resources, the Andhra Pradesh government has increased the production of electricity by establishing number of plants. As a result more and more industrial units were established, and then this led to the growth of employment. Further, through industrial policies the government bring awareness among the people about the importance of the industries by establishing more industrial units in the backward areas. During the first two five year plans industrial growth of the state was dismal, because of low investment in the industries. Thereby the growth of employment was also very low. However, during the fourth five year plan the state started moving towards industrial development.

## 2. Objectives of the study

1. To study the growth and decline of employment in large and medium scale industries of Andhra Pradesh.
2. To study the growth and decline of employment in small scale industries of Andhra Pradesh.
3. To identify the factors which hampered the growth of employment in the industries of Andhra Pradesh.

4. To gauge the employment growth among small scale industries in Andhra Pradesh.
5. To study the causes of decline of employment in the industries of Andhra Pradesh.

## 3. Methodology

The article is largely relies upon secondary sources. The data and information for this work have been collected from the documents and abstract of the government of Andhra Pradesh, books and articles namely, 1.Resource based industries in Rayalaseema region by Dr.M.Nazeeruddin, 2.Demand based industries in Rayalaseema region by Dr.M.Nazeeruddin 3.Economic survey of Andhra Pradesh 4. Industrialisation and Economic Development 5. Industrial sickness in Andhra Pradesh. Further, all the collected and collated data are posted with suitable tables, graph and diagram. So that, meaningful inferences would be drawn.

## 4. Hypothesis

1. The growth of employment in the industries of Andhra Pradesh has been gradually increased for a particular period and subsequently it declined.
2. Majority of the industries suffer from industrial sickness thereby lakhs of employees lost their jobs.
3. The contribution of large and medium scale industries for the development of the state has been marginal.
4. Small scale industries are having huge employment potential in the state.

## 5. Review of literature

The following articles and books are selected for review of literature.

1. Dr.M.Nazeeruddin works on industrialization and economic development says "the main objective of industrialization programme is to raise the standard of the living of the people. This means industrialization to be sound at a balance development of agriculture and manufacturing industry. Most of the economists spinned their emphasis on one or the other factors viz., low level of technological skills, low level of capital formations and dearth of natural resources , disproportionate growth in population to be responsible for the low level of industrialization.
2. The study of Dr.M.Nazeeruddin on Resource based industries in Rayalaseema region, Resource based industries are started around the location of the available natural resources , they are namely agro based, forest product, live stock products(fish, marine, poultry) leather and mineral products. Besides, he explained the growth of employment in various resource based industries in Rayalaseema region.
3. Dr.M.Nazeeruddin, in his study on Demand based Industry in Rayalaseema region, speaks that Demand based industries are those industries which can be established in any place or region viz., metal and metallurgical, chemical and allied industries, textile products, electrical and electronic products and miscellaneous. Further, described the growth and decline of employment in different demand based industries.
4. Dr.M.Nazeeruddin attempts on Industrial Sickness (with special reference to large and medium scale industries in Andhra Pradesh explains that industrial sickness is one of the major factor that hampered the growth of employment in the state, thereby thousands of people lost their jobs.

## 6. Profile of Andhra Pradesh

Andhra Pradesh is a state in the south-east region of India, bordering Telangana in the north, Tamilnadu in the south, Karnataka in the west and Odissa to the north east. Hyderabad is used to be the capital of Andhra Pradesh till state bifurcation of Telangana in the year 2014. Now, Amaravathi is the new formed capital of Andhra Pradesh, the population of

the state in 2011 is 4.93 crores. With a geographical area of 1,60,205 sq kms. Further, this is the second largest state of our country in terms of coastal length with a long 974 K.M coastal belt. Andhra Pradesh is endowed with abundant of natural resources like asbestos, bauxite, wood, coal mines, mica mines, manganese mines and oil resources are available in the state. Therefore it occupies sixth position in India in terms of mineral resource availability. Apart from this development of infrastructure and major key strategic industries are located in the state. All these components are encouraging for the rapid growth of industries in Andhra Pradesh. The population of Andhra Pradesh shown in Table No.1

**Table No.1 Andhra Pradesh Population – 2011**

|                                |                 |
|--------------------------------|-----------------|
| Total Population               | 4,93,86,799     |
| Decadal Growth Rate            | 9.21            |
| Males                          | 2,47,38,068     |
| Females                        | 2,46,48,731     |
| Sex Ratio                      | 996             |
| Rural Population               | 3,47,76,389     |
| Urban Population               | 1,46,10,410     |
| Density of Population          | 308 per sq km   |
| Literacy                       | 67.41           |
| Male Literary                  | 80.09           |
| Female Literary                | 64.6            |
| Total Area of Andhra Pradesh   | 1,60,205 sq kms |
| Total Child Population 0-6 Yrs | 52,22,384       |

**Source :** Statistical Abstract of Andhra Pradesh 2011-2012

The population of Andhra Pradesh state has shown in Table No.1. In 1991-2001 decadal population growth rate in our state is less than that of India's population growth rate. According to 2011 census the state population is 4,93,86,799. The geographical area of state is 1,60,205 sq kms which is 8.37 percent of India's geographical area. Therefore, regarding geographical area and population of Andhra Pradesh occupies 5<sup>th</sup> in India. The above table reveals that the literacy rate of male is higher than the females.

**Table No.2 Growth and Decline of Employment of Large ,Medium and Small Scale Industries**

| S.No  | Year      | No. of Units Proposed in large and medium scale | Employment in large and medium scale industries | No. of Units Proposed in small scale | Employment in small scale industries |
|-------|-----------|-------------------------------------------------|-------------------------------------------------|--------------------------------------|--------------------------------------|
| 1     | 1991-1996 | 1039                                            | 1,81,542                                        | 28,077                               | 230,001                              |
| 2     | 1996-2001 | 975                                             | 1,26,395                                        | 21,221                               | 211,229                              |
| 3     | 2001-2006 | 369                                             | 54,765                                          | 7,725                                | 1,05,361                             |
| 4     | 2006-2011 | 630                                             | 1,00,227                                        | 22,055                               | 3,87,488                             |
| Total |           | 3013                                            | 4,62,929                                        | 79,078                               | 9,34,079                             |

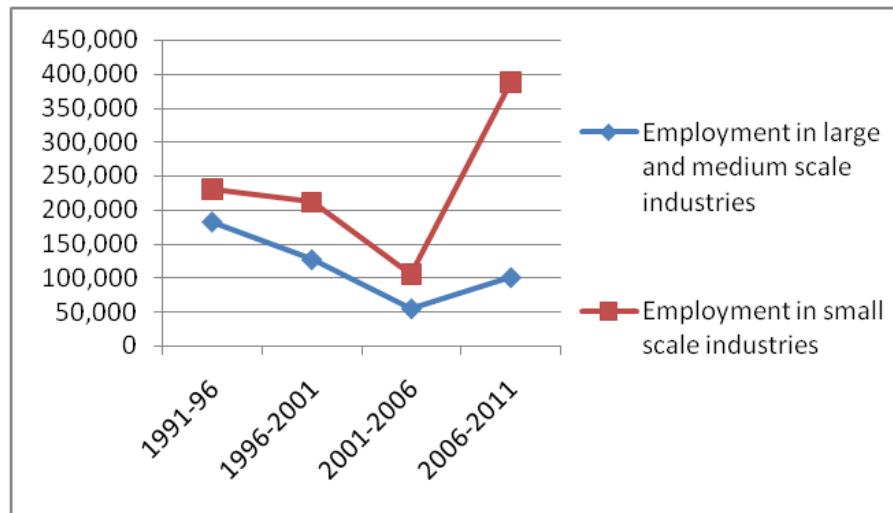
**Source :** Ministry of Industries, Government of Andhra Pradesh

Table No.2 has shown the growth and Decline of employment of large, medium and small scale industries Andhra Pradesh. In the above table that number of units of large and medium scale industries proposed were 3013 by providing employment to 4,62,929 during the year 1991-2011. On the other hand the small scale industries proposed were

79078 by providing employment to 934079 under the study. The growth of large and medium scale industries during the post reform period shows that during the period of 2001-2006 where 369 units large and medium scale industries by providing employment to 54765 and 7725 units of small scale industries by providing employment to 7725. This is the lowest

number of establishment of industries in our study. It is interestingly noted that during 2001-2006 lowest number of employment has been recorded in both large and medium scale industries, and small scale industries. The growth of employment has come down in both the categories of industries because majority of industries were either defunct or

closed down. Therefore tens of thousands of people were lost their jobs. During the year 2006-11 highest growth of employment has been recorded in small scale industries and picked up the momentum. Therefore, small scale industries turned out as important industries in the state. This can be explained with help of the following graph.



The above graph speaks the data related to the employment growth and decline of large, medium and small scale industries in Andhra Pradesh during 1991-2011. On OX axis years, on OY axis number of employees are exhibited. The above graph reveals that during 2001-06 the employment of large, medium and small scale industries were declined.

Afterwards both are shown upward trend. The above graph further, explains that the employment has been declined under the study from 1991 to 2006. The major reason for the decline of employment during all these years was that most of the industries were not functioning.

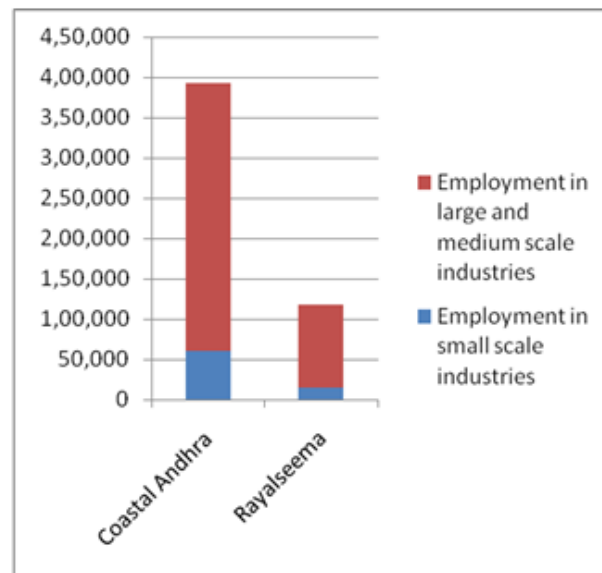
**Table No.3 Growth and Decline of Employment of Large, Medium and Small scale industries in Andhra Pradesh during 2015-16**

| S. No | Region         | No of Industrial Units | Employment in large and medium scale industries | No of Industrial Units | Employment in small scale industries |
|-------|----------------|------------------------|-------------------------------------------------|------------------------|--------------------------------------|
| 1     | Coastal Andhra | 1349                   | 3,32,553                                        | 3861                   | 60,815                               |
| 2     | Rayalseema     | 435                    | 1,02,953                                        | 974                    | 15,233                               |
| Total |                | 1784                   | 4,35,506                                        | 4835                   | 76048                                |

Source : Statistical Abstract of A.P.2015

Table No.3. Exhibits the growth of employment of large, medium and small scale industries in coastal Andhra and Rayalaseema regions of Andhra Pradesh. It is noted that since the coastal region is bigger than the Rayalaseema region, therefore the number of units are more than thrice of Rayalaseema region. The above table obviously shown that the post reforms industrialization in the state have fluctuations in the establishment of industries. During 2015-16 after the bifurcation of the state 1784 large and medium scale industrial units are there and by providing employment to 4,35,506 people. On the other hand 4835 small scale industrial units are established and providing employment to 76048 people. The data clearly indicates that Rayalaseema region is the most backward region as compared to coastal Andhra. It is

interestingly noted that, after the bifurcation of the state in the year 2014 most of the important large, medium and small scale industries goes to in favour of Telangana state. The major reason was, the then policy makers focused on Hyderabad as its capital. Therefore, majority of the industries were established at Hyderabad and its surrounding districts. The concentration of major industries at Hyderabad has caused huge loss to Andhra Pradesh state and pushed its economy into neck deep crisis in general and more particularly industrial sector. Apart, from this most of the defunct industries in the state converted into shopping malls, and convention halls etc..The closure of industries would certainly hampered the growth of the economy.



The above diagram related to the growth and decline of employment of large, medium and small scale industries are shown. On OX axis the two regions of Andhra Pradesh viz., Coastal Andhra and Rayalaseema, on OY axis employment of large, medium and small scale industries are exhibited. The above diagram clearly indicates that the employment of large and medium scale industries are higher than the employment of small scale industries. Further, it speaks that small scale industries can be easily started with limited investment. On the contrary, the establishment of large and medium scale industries required huge investment. Apart from this, the small scale units utilize the limited available infrastructure facilities and serve the needs of the people.

## 7. Results of the study

The findings of the article are that the growth of employment was gradually decreased during 1991-2006 in large, medium and small scale industries. During that period most of the large and medium scale industries were either closed down or defunct. That resulted thousands of people lost their jobs. The paper further highlighted that small scale industries are having huge employment opportunities rather than large and medium scale industries.

## 8. Conclusion

This paper throws light on the growth and decline of employment in the industries across the state. Andhra

Pradesh is one of the important industrial potential hubs in India and it is endowed with abundant of natural resources. Therefore, it is very much suitable for the establishment of all kinds of industries. When more and more industries would be setup, certainly it opens flood gates for employment opportunities. Even the state government has taken several measures to promote industrial sector across the state. Since the formation of the state and Hyderabad as its capital city, the policy makers completely focused on Hyderabad and established more and more industries in and around Hyderabad and completely neglected the other two regions. Thereby, marginal growth of employment was noticed in the coastal Andhra and Rayalaseema regions. It is found that small scale industries in Andhra Pradesh are providing more employment opportunities rather than large and medium scale industries. However, the growth of small scale industries all over the regions has brought balanced regional industrial development, and further, it is providing employment to tens of thousands of people. Interestingly noted that most of large and medium scale industries were either closed down or defunct, due to industrial sickness. This obviously reveals that there is a decline in the rate of employment. The recently established Kia Motors industry at Penukonda has brought a new life to drought prone Anantapur district and providing employment to thousands of people.

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