



## AN EMPIRICAL STUDY ON PERFORMANCE OF BURN-LIME INDUSTRY IN KURNOOL DISTRICT OF RAYALASEEMA REGION

**Dr. S. Balaji Naik1**

*UGC Post-Doctoral Fellow, Dept. of Commerce, S.K University, Anantapuramu.*

**Dr. K. Maddileti**

*Assistant Professor, Dept. of Commerce, S.K University, Anantapuramu.*

**Mr. D. Pullaiah**

*Research Scholar, Dept. of Commerce, S.K University, Anantapuramu.*

### **Abstract**

*Small industrial sector plays a key role in the industrialization of developing countries. This is because of the fact that small industries provide immediate large-scale employment and have a comparatively higher labour-capital ratio, need a shorter gestation period and relatively smaller markets to be economic; need lower investments, offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Small business enterprises stimulate the growth of industrial entrepreneurship and promote a more diffused pattern of ownership and location.1 Small industries have also been viewed as an effective way of fostering the private sector's contribution to both the growth and equity objectives of development. The present paper covers the performance of Burn-lime industry in Kurnool district of Andhra Pradesh.*

**Key Words: Small Industry, Burn-Lime Industry, Employment.**

### **Introduction**

Small industrial sector plays a key role in the industrialization of developing countries. This is because of the fact that small industries provide immediate large-scale employment and have a comparatively higher labour-capital ratio, need a shorter gestation period and relatively smaller markets to be economic; need lower investments, offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Small business enterprises stimulate the growth of industrial entrepreneurship and promote a more diffused pattern of ownership and location.1 Small industries have also been viewed as an effective way of fostering the private sector's contribution to both the growth and equity objectives of development2.

### **Review of Literature**

Vastava (1987)<sup>3</sup> made an attempt to study the financial assistance to small scale industries. He found that the agencies, which are mostly provided finance to SMEs, are IDBI, IRBI, (Industrial Reconstruction Board of India) SFCs and SIDCs. He collected data from four agencies relating to sanctioned and disbursed funds to various SMEs during 1981 to 1986. He finally concluded that the IDBI is playing a significant role in providing financial assistance to SMEs.

Vetrieli, and Janaki Radha Krishnan (2010)<sup>4</sup>, in their study found that the district showed an increasing trend in terms of number, investment and employment in the SSI units. They concluded that, the government have also been upholding the interests of the entrepreneurs to start new SSI units by way of providing the financial assistance and training programme through the industrial promotional agencies(IPAs) at National and State level in order to generate employment opportunities which would result in eradicating poverty in the country.

## Objectives

The present study main objectives is to study the small industries, performance of burn lime industry in kurnool district of Andhra Pradesh and draw the conclusions.

## Methodology

### Sample and Data Collection

The Kurnool district is one of the industrially backward districts in the Rayalaseema region of Andhra Pradesh. In the present study, 120 burn-lime units were selected and collected the both secondary data and primary data were collected through structured –interview schedule.

In the table 1 depicted small industry in Kurnool district (2010-11), 24.84 per cent of units are mineral based industries, 24.68 of industries are miscellaneous, 13.29 per cent are engineering based, 11.22 per cent are food based industries, 9.57 per cent of units are agro based industries, 6.59 per cent of the units are chemical based industries, textile based industries are 5.10 and 4.73 per cent of the units are forest based industries respectively.

Small industries capital investment is the Kurnool district in the table 3.7. The highest capital investment (23.23%) is kept on chemical based industries followed by 21.53 on miscellaneous industries, 15.82 per cent on mineral based industries, engineering based industries were 10.82 per cent, 10.77 per cent on food based industries. 7.51 per cent of investment on agro based industries, 5.20 per cent on forest based industries and the 5.08 per cent of investment on textile based industries respectively.

**Table 1 Shows Small Industry in Kurnool District during 2010-11**

S.No	Category	No. of Units	Capital Investment	Employment	
				Male	Female
1	Agro Industries	180 (9.57)	1750 (7.51)	855 (17.47)	337 (11.60)
2	Mineral Industries	467 (24.84)	3688 (15.82)	1160 (23.70)	840 (28.92)
3	Engineering Industries	250 (13.29)	2523 (10.82)	590 (12.05)	310 (10.67)
4	Food Based Industries	211 (11.22)	2510 (10.77)	572 (11.68)	348 (11.98)
5	Chemical Based Industries	124 (6.59)	5415 (23.23)	708 (14.46)	372 (12.80)
6	Textile Based Industries	96 (5.10)	1186 (5.08)	252 (5.14)	162 (5.57)
7	Forest Based Industries	89 (4.73)	1212 (5.20)	125 (2.55)	101 (3.47)
8	Miscellaneous	464 (24.68)	5017 (21.53)	632 (12.91)	434 (14.94)
	Total	1880 (100)	23301 (100)	4894 (100)	2904 (100)

Source: District Industries Centre, 2011

After agriculture sector, small industrial sector has providing large employability in the Kurnool district. In the table shows that, highest percentage of employment for males providing by mineral based industries followed by agro based industries (17.47), chemical based industries (14.46 %), miscellaneous industries (12.91%), engineering based industries (12.05 %), food based industries (11.68%), text tile based industries (5.14%) and forest based industries (2.55%) respectively.

In case of female employment mineral based industries (28.92%) are providing more employment opportunities followed by miscellaneous (14.94%), chemical based industries (12.8%), food based industries (11.98%), agro based industries (11.60%), engineering based industries (10.67%), text tile based industries (5.57%) and forest based industries (3.47%) respectively.

For running day to day business, every firm requires working capital. If the demand for the production increases, the working capital also increases. Capital spent on labour, raw material, transport, and other factors are called working capital. The working capital depends on size of the unit. The working capital differs from unit to unit and industry to industry. Distribution of units according to their working capital requirement is presented in the table 2.

The table 2 reveals that 51.67 per cent of the unit's working capital has in below Rs. Four lakhs, 24.17 per cent of the industrial units working capital are in between Rs. 4- 8 lakhs, 19.16 per cent of the units working capital in between Rs. 8-12 lakhs, and remaining 5 per cent units have above 12 lakhs respectively.

**Table 2 Distribution of Units According to their Working Capital Requirement**

S.No	Capital	No. of Respondents	Percentage to total
1	Below four lakhs	62	51.67
2	4-8	29	24.17
3	8-12	23	19.16
4	12 lakhs and above	6	5.00
	Total	120	100.00

Source: Field study

### Source of Finance

The burnt lime industry thrives on various sources are A.P.S.F.C, banks and S.C corporations, private finance corporations, friends and individual money lenders. The 3 table presents the units distributed according to their financial resources.

**Table 3 Distribution of Units According to their Sources of Finance**

S. No	Sources of finance	No. of Respondents	Percentage to total
1	Banks	86	71.67
2	DIC/SFC	24	20.00
3	Others	10	8.33
	Total	120	100.00

Source: Field study

As is known, many agencies and institutions have been started to promote industrial units at the district level. They broadly include financial institution, banks, micro finance and other sources. In this regard, a question is addressed to the entrepreneurs under study seeking their opinion that whom did they approach for financial assistance. The detailed can be found in the table 3. It is known from the table that 86 (71.67%) of the respondents

have sought the help of Banks, 24 (20%) have approached and availed help from DIC/SFC, and ten respondents have approached other source for successful running of the industrial units.

### Labour Utilisation

Small industries are promoted with an object to generate more employment, labour surplus country like India, it is necessary to adopt labour-intensive techniques instead of capital-intensive techniques. Small industries attract and utilise the surplus labour from agriculture sector and provide better income and employment. Burnt lime industry does not require the highly educated and technical people and requires many of the casual labour and some skilled persons. Hence, the development of burnt lime industry is highly desirable to utilise the surplus labour from agriculture sector. The following table 4 shows the utilisation of labour by the firms.

The following table shows the utilisation of labour by the firms. It is learnt from the table 4 that 54.16 per cent of the units engage the workers in between 25-30 and 20 per cent of the units have employed in the range of 30 and above workers. The labour utilisation in 16.66 per cent of the units lies in between 20-25 and 9.1 per cent of the unit engage below 20 workers. It is found that more than 70 per cent of the units utilise more than 25 workers.

**Table 4 distribution of the units on the basis of the labour utilisation**

S. No	Labour	No. of Respondents	Percentage to total
1	Below 20	11	9.16
2	20-25	20	16.66
3	25-30	65	54.16
4	30 and above	24	20.00
	Total	120	100.00

Source: Field study

### Capacity Utilisation

Based on the annual installed capacity, the firm acquires land and building and also machinery. Many of the firms do not reach the installed capacity due to many reasons either it may be from production side or marketing side. The units have established with different annual capacities. The table 5 shows that the annual installed capacity of the units of Kurnool district.

**Table 5 Capacity Utilisation of the Units**

S.No	Installed capacity	No. of Respondents	Percentage to total
1	Below 4000	72	60.00
2	4000-6000	21	17.50
3	6000-8000	12	10.00
4	8000-10000	06	5.00
5	10000-12000	05	4.16
6	12000 and above	04	3.34
	Total	120	100.00

Source: Field study

It is observed from the table 5 that 60 per cent of the units have installed capacity less than 4000 tonnes per year, and 17.50 per cent of units have the installed capacity between 4000-6000. The units having capacity in the range of 6000-8000 tonnes account to 10 per cent. It is noticed that only four units falls in the annual capacity range of 12000 and above.

**Table 6 Cost Structure of Burnt Lime Industrial Units**

S. No	Range	Units	Cost Of Raw Material	Coal Cost	Transport Cost	Labour Cost	Other Cost	Imputed Cost	Total Cost	Average Cost
1	Below 4 lakhs	10	6.80	24.90	1.50	2.35	6.66	0.38	42.59	27.52
2	4-8	46	129.00	153.55	33.84	36.59	64.00	4.07	365.99	7.96
3	8-12	22	44.20	70.55	22.00	5.49	4.67	3.96	150.87	5.59
4	12-16	34	139.40	156.55	30.10	28.54	7.28	8.73	370.60	10.90
5	16 lakhs and above	03	20.60	5.71	6.56	5.23	1.12	2.26	41.48	13.82
	Total	120	340.00	415.00	94.00	78.50	28.37	19.40	1204.18	18.16

Source: Field Study

The table 6 shows that 46 units which fall in the capital investment range of rupees 4-8 lakhs have incurred costs rupees 129 lakhs on raw material rupees 153.55 lakhs on coal and rs. 365.99 lakhs on all total costs. 34 units in the capital investment range of rs. 12-16 lakhs have incurred cost of rs. 139.40 lakhs on raw material, rs 156.55 lakhs on coal and the total cost incurred by these units workout to rs. 370.60 lakhs. 22 units have capital range of rs. 8-12 lakhs, have spent on raw material rs. 44.20 lakhs and rs. 70.55 lakhs on coal and total input cost Rs. 150.87 lakhs. It is observed in the table that most of the units have incurred huge amount on coal. The next place is occupied by raw material and third place goes to transport cost. The average cost of all the inputs in very high in the units having capital investment range of rs. below 4 lakhs and low in the units having capital investment rang of 8-12 lakhs only.

### Profits of the Burnt Lime Industry

Entrepreneurs aim is to get more profits. Profit depends on the demand. If the demand increases profits also increases and the additional investment also increases at the same time the existing units makes plan for expansion. Profits indicate the viability of the unit. Here the table 7 explains the profit of the burnt lime industry.

**Table 7 Profit of the Burnt Lime Industry in the Study Area**

S. No	Profit (in thousand)	No. of units	Percentage to total
1	Below 1000	15	12.50
2	1-5	35	29.17
3	5-10	29	24.17
4	10-15	23	19.16
5	15 and above	18	15.00
	Total	120	100.00

Source: Field study

It is observed from the table 7 that 29.17 per cent of the units have gained profits in between Rs. 1-5 lakhs per year. 24.17 per cent of the units have received the profit in the range of Rs. 5-10 lakhs. The units having the profits in the range of Rs. 10-15 lakhs account to 19.16 per cent. It is found that 15 per cent of the units have get profits above 13 lakhs and above remaining 12.50 per cent of the units gained profits below one lakh rupees respectively.

### Product Disposal

Burnt lime has great demand. The moment the product is ready in a unit there is a ready market for it. It's having local market besides being disposed in other parts of the state and different parts of our country. The product is more useful as raw material in the production of various industries like paper, sugar, iron, chemicals and bleaching powder. The following table 8 shows the product disposal pattern of burnt lime. It is clear from the table 4.17 that 75.00 per cent of the produced here is supplied to different parts of the country. The lime has great demand in the states of Karnataka, Tamil Nadu, and Kerala. It is noticed that 25.00 per cent of the lime produced here is purchased and utilised in Andhra Pradesh. The demand for the lime arises mostly from paper and sugar industries.

**Table 8 Product Disposal Pattern of Burnt Lime Units**

S.No	Amount (rupees in lakhs)	Within the state	Within the country
1	Below 10	14	9
2	10-20	11	21
3	20-30	05	24
4	30 and above	--	36
	Total	30	90
	Percentage to total no of units	25.00	75.00

Source: Field study

### Conclusion

The study clearly found that the small business enterprises are providing large number of employability in developing countries like India. The present study that 86 (71.67%) of the respondents have sought the help of Banks, 24 (20%) have approached and availed help from DIC/SFC, and ten respondents have approached other source for successful running of the industrial units. It is further found that 60 per cent of the units have installed capacity less than 4000 tonnes per year, and 17.50 per cent of units have the installed capacity between 4000-6000. The units having capacity in the range of 6000-8000 tonnes account to 10 per cent. It is noticed that only four units falls in the annual capacity range of 12000 and above.

It is found that 15 per cent of the units have get profits above 13 lakhs and above remaining 12.50 per cent of the units gained profits below one lakh rupees respectively. It is clear stated that 75.00 per cent of the produced here is supplied to different parts of the country. The lime has great demand in the states of Karnataka, Tamil Nadu, and Kerala. It is noticed that 25.00 per cent of the lime produced here is purchased and utilised in Andhra Pradesh. The demand for the lime arises mostly from paper and sugar industries.

### Reference

1. Vasant Desai., Management of a Small-scale Industry, Himalaya Publishing House, 2007. p. 1
2. 2. Ibid, p.2
3. Vastava, S.P., "Institutional Finance for Small Scale Industries", "The Indian Journal of Commerce", Vol. XLI, Part-3, NO. 152, July-Sept 1987, pp 5-18
4. Vetriell. K, Janaki Radha Krishna. S., "Role of SSIs in Eradication of Poverty: A Micro Study" Southern Economist, Vol.49, No.7, August-1, 2010, pp.33-36.