



Industry Wise Analysis Before and After DIC's Assistance

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ABSTRACT

A DIC is an institution at the district level which provides all the services and facilities to the entrepreneurs at one place so that they may set up small and village industries. These services and facilities include the identification of a suitable scheme, the preparation of a feasibility report, arrangements for the supply of machinery and equipment, provision of raw materials, credit facilities and input for marketing and extension services, quality control, research and entrepreneurial training. The District Industries Centre would ensure all the facilities to the entrepreneur under one roof at district and sub-district levels. At present, an entrepreneur has to go to several agencies, many of them far away from his district, in order to get these facilities. Suitable powers have been delegated by several departments of the State Governments to DIC so that an entrepreneur may get all the assistance, he needs from one agency.

KEYWORDS : – DIC, Industries, Methodology and Z test

Introduction

The basic approach of the District Industries Centres is to work for the massive and rural industrialization and development of backward areas through its various programmes and incentives. The District Industries Centres constitute an institutional device to place the industrial infrastructure at the door – step of the entrepreneurs and to tackle the problems of the small enterprises through an integrated approach. The District Industries Centres have been entrusted with the responsibility of planning for the balanced development of small enterprises. The District Industries Centres form the nucleus for the growth and development of the small enterprises. All the required and relevant assistance are made available to the entrepreneurs under one roof.

Objectives of the study

To do industry wise analysis before and after DIC's assistance.

To categorize industries.

With the help of 'Z' test, to study the effect on employment, costs and profits before and after DIC's assistance.

4. To make suggestions.

Methodology

The primary data was collected through personal interviews with the beneficiaries of DIC, Madurai (respondents) using a pre-test structured interview schedule. Additional primary data was collected from the authorities concerned with a specially prepared interview schedule. The data were collected between the period July 2015 and June 2016.

The secondary data was collected from published reports, handbooks, action plan, pamphlets of Director of industries and Commerce, Chennai District Industries Centre, In addition, journals, newspapers, magazine and books have also been used.

SAMPLING DESIGN

Industry-wise Distribution of Sample Beneficiaries

Selected Industries	Number of Sample Units
Agro-based Industries	81 (33.75)
Chemical-based Industries	54 (22.50)
Engineering-based Industries	39 (16.25)
Textile-based Industries	35 (14.58)
Miscellaneous Industries	31 (12.92)
Total	240 (100)

Source: Computed from primary data.

Figures in brackets denote percentage.

Table 1 'Z' Test for Testing the Significance in Difference Before and After DIC's Assistance Industry-wise with respect to employment

Selected Industries	Calculated 'Z' Value	
	Average Number of Persons Employed	Average Man-days of Employment
Agro-based industries	2.98*	3.01*
Chemical-based industries	4.72*	3.68*
Engineering-based industries	3.78*	4.17*
Textile-based industries	1.62	1.17
Miscellaneous industries	3.32*	2.92*

Source: Computed from Primary data

*Indicates that 'z' value is significant at 1 per cent level.

The results of 'Z' test given in Table 1 show that except in Textile-based industries in all other selected industries, the differences in employment generation both in terms of average number of persons employed and average man-days were found to be significant at 1 per cent level. It indicates that DIC's assistance has effected more employment generation in most of the industries in the study area.

Table 2 'Z' Test for Testing the Significance in Difference Before and After DIC's Assistance with respect to Costs

Selected Enterprises	Calculated 'Z' Value				
	RM	L	P	Others	Total
Agro based industries	3.12*	3.78*	0.72	4.01*	2.98*
Chemical based industries	2.72*	3.76*	4.32*	3.07*	3.01*
Engineering based industries	3.61*	2.71*	3.17*	3.68*	2.91*
Textile based industries	4.02*	3.17*	4.36*	4.06*	2.71*
Mis. industries	3.62*	2.98*	3.01*	4.11*	3.72*

Source: Computed from Primary data

*** Indicates that the 'Z' value is significant at 1% level.**

It is found from the results of Table 2 that the difference in total average variable cost, raw – material cost, labour cost and 'others' were statistically significant at 1 per cent level. This indicates that a remarkable difference was found after DIC's assistance in these components of variable costs in selected industries. Only in the Agro- based industries the difference in cost of power was not found to be significant.

Table 3 Industry-wise Distribution of Per Unit Annual Profit Earned by Sample beneficiaries Before and After DIC's Assistance (Rs. in lakhs)

Selected Industries	Average Annual Profit Earned			Percentage of Difference
	Before DIC's Assistance	After DIC's Assistance	Difference in Profit	
Agro-based industries	0.91	1.30	0.39	42.86
Chemical-based industries	1.25	1.49	0.24	19.20
Engineering-based industries	1.84	2.29	0.45	24.46
Textile-based industries	1.07	1.46	0.39	36.45
Miscellaneous industries	0.58	1.36	0.78	134.48
Overall	1.12	1.53	0.41	36.61

Source: Computed from primary data

Table 3 reveals that at the industry level, in case of engineering-based industries the amount of profit earned was higher both before and after DIC's assistance, when compared to other industries.

Regarding the percentage of increase in the average annual profit, after DIC's assistance, it was higher in the miscellaneous industries (134.48%), followed by Agro-based industries (42.86%) which were higher than the 'overall' increase of 36.61 per cent. This shows that the miscellaneous industries had utilized DIC's assistance more effectively. From the survey, it is inferred that the reason for huge profit is due to the production against advance orders and lesser bad debts.

In chemical-based industries the percentage of increase in average annual profit was very low (19.12%). Non-availability of labour and shortage of finance were the main reasons for the low average annual profit.

In order to examine the null hypothesis there is no significant difference in the average annual profit earned, before and after DIC's assistance, in the selected industries 'z' test was applied. The computed results are given in Table 4.

Table 4 'Z' Test

Selected Industries	Calculated 'Z' value
	Average Annual Sales
Agro-based industries	2.78*
Chemical-based industries	3.01*
Engineering-based industries	2.92*
Textile-based industries	3.91*
Miscellaneous industries	4.92*

Source: Computed from primary data

***Indicates that 'z' value is significant at 1 per cent level.**

It is inferred from the Table 4 that the differences in average annual profit earned by all the selected industries were found to be significant statistically at 1 per cent. It shows that DIC's assistance had enhanced the profit level of the sample beneficiaries in a significant manner.

Suggestions

DIC should help the entrepreneurs to select the right type of industries. Because many of the entrepreneurs choose a wrong line due to their ignorance and they suffer a lot after entering into the industrial fields. This may be prevented through timely suggestions, given by DIC.

Wider and effective publicity should be given regarding new schemes available in DIC and promotional activities like seminars, fairs and exhibitions have to be conducted by

DIC.

The capital Subsidy may be granted on the basis of the value of output, instead of taking capital investment as the basis for deciding the quantum of subsidy.

DIC should ensure the timely disbursement of subsidy as well as incentives.

Care should be taken to inform the small – enterprises about any positive measures both from Central and State Governments.

For effective execution of DIC schemes, Government should open block-level branch offices, appoint field staff and direct them to send weekly reports to the head office.

DIC should be a leader in the development of industries in the district on a continuing basis rather than an administrative tool of the Government.

Conclusion

If the aforesaid suggestions are properly implemented by the authorities concerned, there would be a significant growth in Small Enterprise units, thereby leading to the overall economic growth of Madurai District.

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