



ROLE OF DIC IN PROMOTING MSMEs IN INDUSTRIAL BACKWARD DISTRICTS OF TAMIL NADU

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ABSTRACT

The main objectives of DIC are: To make available the various assistance and clearness required under one roof; To promote rural industries; To develop small and cottage industries in the country and to generate greater employment opportunities, especially among the rural and backward areas in the country; To develop close linkage with the rural development blocks and development institutions which are involved in gross root activities and integrated their activities with DIC set up and To act as the nodal agency for providing support services to the village and small entrepreneurs. The main thrust of DIC programme is on the development of such industrial units which create larger employment opportunities in rural and semi-urban areas. The role of DIC in promoting Micro, Small and Medium enterprises is detailed here. For this purpose, 240 respondents were contacted for collecting primary data.

KEYWORDS : DIC, Micro, Small and Medium Enterprises, Methodology

INTRODUCTION

An announced in the Governor's Address in the Legislative Assembly on 23rd January 2008, "Micro, Small and Medium Industries Policy-2008" an exclusive policy for micro, small and medium enterprises sector was released by Hon'ble Chief Minister on 22.2.2008.

VISION

- Enhance the competitiveness and scalable capacity of the micro, small and medium enterprises sector in Tamil Nadu.
- Encourage agro-based industries for increasing value addition and giving better income to the farmers.
- Target a sustained annual growth rate of over 10% for micro, small and medium enterprises.
- Promote 10 lakhs direct and indirect employment opportunities during the XI plan period.

FUNCTIONS OF THE DISTRICT INDUSTRIES CENTRE (DIC)

The functions performed by DIC are as follows:

- To survey the existing, traditional and new industries, raw materials and human resources, to identify schemes and make market forecast for different items, to prepare sample economic feasibility reports, and offer investment advice to entrepreneurs;
- To assess the machinery and equipment requirements of small, tiny and village Enterprises, to indicate the location where the required machinery and equipment for different plants may be available for entrepreneurs, to maintain liaison with research institutions and to arrange for the supply of machinery on hire - purchase basis.
- To arrange training courses for entrepreneurs of small and tiny units and to maintain a liaison with Small Industries Service Institute, to keep abreast of research and developments in select product lines and quality methods.
- To ascertain the raw materials requirements of various units, their sources and prices, and to arrange for their bulk purchase and distribution to entrepreneurs.
- To maintain liaison with lead banks and other financial institutions, appraise application, monitor the flow of industrial credit in the district, and arrange for financial assistance to entrepreneur.
- To organize marketing outlets, maintain liaison with Government procurements agencies, provide market intelligence to entrepreneur, organize market surveys and market development programmes.

- To give particular attention to the development of khadi, village and other cottage industries, to maintain liaison with the State Khadi Board and organize training programmes for rural artisans.

ORGANIZATIONAL SET UP

Each District Industries Centre is headed by a General Manager who is supported by functional managers and other supporting staff. To begin with, seven functional Managers were supported to assist the General Manager but the number was later reduced to four or five, subject to the districts. The areas of seven functional managers are: Economic investigation; Machinery and Equipment; Research, Extension and Training; Raw Materials; Credit; Marketing and Cottage Industries

METHODOLOGY

The primary data was collected through personal interviews with the beneficiaries of DIC, using a pre-test structured interview schedule. Additional primary data was collected from the authorities concerned with a specially prepared interview schedule.

Before preparing the interview schedule the researcher had preliminary discussions with the officials of DIC and a few entrepreneurs of units registered with DIC. In total, 240 respondents from Agro, chemical, engineering, textile based industries and miscellaneous industries which fall any one of the following: Micro, Small and Medium enterprises.

A pre-test was conducted to test the reliability of the Interview Schedule. Then, with some modifications, a revised and final interview schedule was administered to the respondents for the purpose of primary data collection.

ANALYSIS AND DISCUSSION

TABLE 1 'Z' Test for Testing the Significance in Difference Before and After DIC's Assistance Industry-wise

Sl. No.	Selected Industries	Calculated 'Z' Value		
		Average fixed Capital	Average Working Capital	Average Total Capital
1	Agro-based industries	4.2*	3.9*	2.9*
2	Chemical-based industries	3.7*	1.6	3.1*
3	Engineering-based industries	2.7*	2.9*	2.8*

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4	Textile-based industries	3.7*	4.2*	4.9*
5	Miscellaneous industries	5.1*	4.7*	4.1*

Source: Computed from Primary data.

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

It is observed from Table 1 that the differences in average fixed, and total capital were statistically significant at 1 per cent level in almost all the selected industries. Hence, the established hypothesis is rejected and therefore, it may be concluded that DIC's assistance is highly effective for creating fixed and total capital of the industries.

In the case of average working capital, except chemical-based industries in all other selected industries, differences were statistically significant.

It is inferred that DIC's role was considerable in improving working capital of the industries namely, miscellaneous industries, followed by Textile based on Agro-based industries.

TABLE 2 'Z' Test for Testing the Significance in Difference Before and After DIC's Assistance Industry-wise

Sl. No.	Selected Industries	Calculated 'Z' Value		Total Annual Production
		Main Products	By-Products	
1	Agro-based industries	3.96*	4.72*	4.01*
2	Chemical-based industries	4.68*	0.78*	3.62*
3	Engineering-based industries	3.71*	1.12	2.98*
4	Textile-based industries	2.99*	1.77	2.61*
5	Miscellaneous industries	3.67*	2.98*	3.01*

SOURCE: COMPUTED FROM PRIMARY DATA

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

The results in Table 2 show that the differences in main products and total annual production were found to be significant statistically at 1 per cent level. It indicates that there was a tremendous increase in average production of main products and total annual production after DIC's assistance in the selected industries under study. In case of by-products the differences were considerable in Agro-based industries and miscellaneous industries.

TABLE 3 Industry-wise Per Unit Average Annual Sales of Sample Beneficiaries Before and After DIC's Assistance

Sl. No.	Selected Industries	Average Annual Sales	Percentage of Difference		
			Before DIC's Assistance	After DIC's Assistance	Difference in Sales
1	Agro-based industries	11.27	15.69	4.42	39.22
2	Chemical-based industries	5.32	10.49	5.17	97.18
3	Engineering-based industries	5.42	6.55	1.13	20.85
4	Textile-based	4.97	6.27	1.30	26.16
5	Miscellaneous industries	10.35	11.24	0.89	8.60
	Overall	7.72	11.09	3.37	43.65

SOURCE: COMPUTED FROM PRIMARY DATA

The industry-wise analysis presented in Table 3 shows that the

highest positive difference in sales was found in chemical-based Enterprise (97.18%). Next to Chemical-based industries, there was 39.22 per cent increase in average annual sales of Agro-based industries after DIC's assistance. Miscellaneous industries showed the least increase in average annual sales (8.6%).

'Overall' performance registered a marked change to 43.65 per cent increase and except in chemical-based industries the average increase were lower than the 'overall' average.

The difference in average annual sales before and after getting DIC's assistance was tested by using 'Z' test. For this, a null hypothesis is no difference in annual sales before and after DIC's assistance was formulated. The results of 'Z' test are presented in Table 4.

TABLE 4 'Z' Test for Testing the significance in Difference Before and After DIC's Assistance Industry-wise

Sl. No.	Selected Industries	Calculated 'Z' value
		Average Annual Sales
1	Agro-based industries	4.2*
2	Chemical-based industries	3.8*
3	Engineering-based industries	2.9*
4	Textile-based industries	3.1*
5	Miscellaneous industries	4.4*

SOURCE: COMPUTED FROM PRIMARY DATA

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

The results revealed that the differences in annual sales were found to be significant at 1 per cent level in almost all categories of industries. Therefore, the established null hypothesis is rejected. Thus it may be concluded that the average annual sales after DIC's assistance had increased remarkably, when compared to the average annual sales before getting DIC's assistance.

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