



The Dic and The SSI Units: Entrepreneurs' Attitude in Virudhunagar District

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1. INTRODUCTION

Small-scale Industrial Units are indispensable to the industrial growth and economic development of any country. In India, this sector has over the years developed as an important constituent of the Indian economy on account of its share in employment, output and exports. It has also made significant contribution to the advancement of rural and backward areas.

Small-scale industrial units can be broadly grouped into traditional small-scale industrial units and modern small-scale industrial units. Traditional small-scale industrial units are based on traditional skills and techniques. Modern small-scale industrial units use sophisticated machinery and equipment.

The District Industries Centre (DIC) plays a pivotal role in developing small-scale units. Hence the researcher has attempted to examine the contributions of the DIC in developing small-scale industrial units in Virudhunagar District which is industrially an undeveloped region and the opinion of the entrepreneurs towards various services of the DIC.

2. OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

1. To examine the profile of small-scale entrepreneurs in Virudhunagar District.
2. To analyse the opinions of entrepreneurs on the role of the District Industries Centre in promoting the small-scale industrial units in Virudhunagar District.

3. METHODOLOGY

This is an empirical study based on primary data. The researcher prepared a questionnaire to collect primary data from the entrepreneurs of the SSI units.

4. SAMPLING DESIGN

Virudhunagar District comprises of eleven blocks: Thiruchuli, Narikudi, Kariapatti, Watrap, Aruppukottai, Virudhunagar, Sattur, Vembakottai, Sivakasi, Srivilliputtur, and Rajapalayam. As per the records of the DIC, Virudhunagar for the year 2005, there were 12,445 registered small-scale units in this district.

The Stratified Random Sampling Technique was used for selecting the sample units. The researcher selected 622 small-scale industrial units as sample units for the study. 622 units were selected at the rate of 5 per cent of the total population of 12,445 units. Out of these sample units, 33 were selected from food product units, 131 from textile units, 162 from wood, paper units, 26 from rubber units, 188 from chemical units, 34 from metallic units and 48 from engineering units, giving them proportionate representation.

5. ANALYSIS

A survey was conducted among the 622 entrepreneurs of the

SSI units using a questionnaire. The results of the survey cover the opinion of the respondents on matters such as location of business, skilled workers, purchase of raw materials, assistance given by the DIC and the like.

5.1 Selecting the Location of the Business

The respondents locate their business either in urban or in rural areas. When they locate the business in an urban area it is easy for them to get/tap all the details or sources for developing their business. When they locate the business in the rural area, it is difficult for them to get the details of incentives from the government. When they start business in a semi-urban area, they can get all details and benefits from the government easily. Table 1 shows the respondents according to the location of the business.

Table 1: Selecting the Location of the Business

| Sl.No. | Particulars | No. of Respondents | Percentage to Total |
|--------|-------------|--------------------|---------------------|
| 1. | Urban | 395 | 63.5 |
| 2. | Rural | 189 | 30.4 |
| 3. | Semi-urban | 38 | 6.1 |
| | Total | 622 | 100.0 |

It is understood from Table 1 that 395 (63.5%) respondents have established their business in urban areas, 189 (30.4%) in rural areas and 38 (6.1%) in semi-urban areas. Nearly two-thirds of the respondents (63.5%) have established their business in urban areas. It is quite obvious that the entrepreneurs select the urban areas for getting all benefits at reasonable cost.

5.2 Skilled work force

The entrepreneurs employ either skilled or unskilled workers. Skilled workers are efficient and pay adequate attention to their work. When the organizations have adequate skilled workers, their productivity increases. Table 2 explains the opinion of the respondents on the sufficiency of skilled workforce.

Table 2: Skilled Workforce

| Sl.No. | Particulars | No. of Respondents | Percentage to Total |
|--------|-------------|--------------------|---------------------|
| 1. | Adequate | 66 | 10.6 |
| 2. | Inadequate | 556 | 89.4 |
| | Total | 622 | 100.0 |

It is clear from Table 2 that 66 (10.6%) respondents have adequate skilled workers, 556 (89.4%) do not have adequate skilled workers. More than four-fifths of the respondents (89.4%) do not have adequate skilled employees.

5.3 Purchasing of raw material

The entrepreneurs buy raw materials from the local area or from distant places. Purchasing raw materials locally does not affect production. When they buy raw materials from far off places the cost of transport of raw material increases. Table 3 explains the opinion of the respondents on their source of raw materials.

Table 3: Purchasing of Raw Material

| Sl.No. | source of raw materials. | No. of Respondents | Percentage to Total |
|--------|--------------------------|--------------------|---------------------|
| 1. | Local | 503 | 80.9 |
| 2. | Distant Place | 119 | 19.1 |
| | Total | 622 | 100.0 |

Table 3 exhibits that of the total 622 respondents, 503 (80.9%) buy raw materials from local areas, and 119 (19.1%) buy from far off places.

5.4 Awareness of Various Schemes

For developing Small-scale Industrial units, the government introduces various schemes through the District Industries Centre. The entrepreneurs are expected to get information of the schemes only from the District Industries Centre. When the entrepreneurs were asked whether they learn of the schemes from by the District Industries Centre, all the respondents said that they do not receive any information about the different schemes from the DIC.

5.5 Guidelines Received from the DIC

The entrepreneurs who registered themselves with the DIC should get proper guidelines to start their business and to market their products. Table 4 shows the opinion of the respondents on the proper guidelines given by the District Industries Centre.

Table 4: Guidelines received from the DIC

| Sl.No. | Opinion | No. of Respondents | Percentage to Total |
|--------|--------------|--------------------|---------------------|
| 1. | Received | 162 | 26.0 |
| 2. | Not received | 200 | 32.2 |
| 3. | No opinion | 260 | 41.8 |
| | Total | 622 | 100.0 |

It is clear from Table 4 that 162 (26.0%) respondents received guidance from the DIC, 200 (32.2%) did not receive guidance from the DIC and 260 (41.8%) respondents did not have any opinion on the issue. More than two-fifths of the respondents (41.8%) do not have any opinion on the guidance given by the DIC on starting business, on marketing their products. This lack of interest on the part of the entrepreneurs indicates the ineffective functioning of the DIC.

5.6 Assistance from District Industries Centre

The entrepreneurs are expected to get assistance from the DIC to promote their business. It is expected that the DIC should give all assistance invariably for promoting small-scale industrial units, for promoting the industrial growth and generating employment opportunities, and also for improving export revenues. The opinion of the respondents regarding the assistance received from the District Industries Centre is presented in Table 5.

Table 5: Assistance Received from District Industries Centre

| Sl.No. | Opinion | No. of Respondents | Percentage to Total |
|--------|---------|--------------------|---------------------|
| 1. | Yes | 173 | 27.8 |
| 2. | No | 449 | 72.2 |
| | Total | 622 | 100.0 |

It is clear from Table 5 that 173 (27.8%) respondents have re-

ceived assistance from the DIC and 449 (72.2%) respondents have not received assistance from the DIC. This indicates a flawed, discriminatory approach on the part of the DIC.

5.7 Types of Assistance Received

The DIC is expected to provide assistance in Technical, Financial and Marketing aspects. Among the total respondents only a small section received Technical, Financial and Marketing assistance from the DIC. Table 6 shows the opinion of the respondents on the types of assistance received by them.

Table 6: Opinion Regarding the Type of Assistance

| Sl.No. | Particulars | No. of Respondents | Percentage to Total |
|--------|-------------|--------------------|---------------------|
| 1. | Technical | 60 | 34.7 |
| 2. | Financial | 63 | 36.4 |
| 3. | Marketing | 50 | 28.9 |
| | Total | 173 | 100.0 |

It is seen from Table 6 that among the total respondents who received assistance from the DIC, 60 (34.7%) got technical assistance, 63 (36.4%) got financial assistance and 50 (28.9%) got marketing assistance from the DIC. Only 27.8% of the total entrepreneurs get such assistance. That is again a disquieting trend.

5.8 Reasons for selection of location

An entrepreneur selects a suitable place for doing business on the basis of the availability of raw materials, market potential, availability of cheap labour, existence of similar industrial units, education and training facilities, chances of profit making and the provision for the DIC's assistance.

Table 7: Reason for Selecting Place for Running the Business

| Sl. No. | Reasons for Selection | Weighted Arithmetic Mean Scores | Rank |
|---------|---|---------------------------------|------|
| 1. | Availability of cheap labour | 5.68 | I |
| 2. | Market potential | 4.69 | II |
| 3. | Availability of raw material | 4.61 | III |
| 4. | Existence of similar business in the industry | 4.32 | IV |
| 5. | Education and training | 2.71 | V |
| 6. | Assistance of the DIC | 1.09 | VI |

From Table 7, it is clear that among the reasons for selecting the location to run the business, the availability of cheap labour tops the list followed by market potential, availability of raw material, existence of similar industry, education and training, and assistance of the DIC. The respondents have stated that the availability of cheap labour is the prime reason for their selection of the place to run the industrial unit.

6. SUGGESTIONS

6.1 Avoid Frequent Transfer of Efficient Officials

The officials who work in the District Industries Centre are permanent government employees. As per the provisions of the state government they are allowed to work in the same office only for three years. Normally they take some time to gain a good understanding of the problems of the entrepreneurs of the area. During the course of learning the problems, the three year period is completed and the officials are transferred immediately to other centre. This affects the growth of the SSI units in the district. The tenure of the officials should be extended according to the complicated nature of their jobs. The system of record maintenance should be properly followed with a view to continue the processing work without confusion in future. Hence, while transferring officials to other

centres the government can consider the efficiency of the officials and the need for retaining them in the same place for a reasonable tenure.

6.2 Training

Training makes a man perfect. The DIC introduces different schemes for the entrepreneurs. It conducts motivation and training programmes for them. These programmes bring into light new technologies and make them familiar. Normally these training campaigns are given to the new entrepreneurs only. The DIC should also give periodical training to the existing entrepreneurs and to their employees.

6.3 Effective Publicity for New Programmes

The government introduces new schemes through the DIC for promoting small-scale industrial units in the district. The message does not reach the new entrepreneurs who are interested in the new schemes. Hence, the government should give proper and effective publicity to them through different media. The message of the new schemes should reach the able entrepreneurs for initiating the promotion of their small-scale industrial units.

6.4 Starting the DIC Branches at Block Level

As the population grows the government introduces various schemes for promoting small-scale industrial units. The new entrepreneurs have to face many difficulties in getting the license from the District Industries Centre. They have to travel long distance to reach the DIC office for getting clearance under the Single Window System. It also involves a cumbersome process in obtaining their licenses. Hence, the government can start DIC branches at the block level. This will enable the entrepreneurs to obtain their license quickly and also speed up the economic growth of the country.

6.5 Skilled workers

To avoid the non availability of skilled workers, proper steps should be activated by the DIC to start projects at schools to train the young students to come with hope to get jobs outside after finishing their school studies. The Government can also start branches of Industrial training schools at rural places to inculcate hope in the minds of people to know the availability of job opportunities and also to get jobs.

6.6 Selection of location

The chief aim of the government is to disburse the industrial units in all areas, particularly in rural area to eliminate regional imbalance. The findings show that majority of the entrepreneurs started their business in urban areas. That would not help to strengthen the economical status of our nation. Hence, the Government through the DIC should encourage the potential entrepreneurs to start their business in rural and backward areas also to develop the economy of our country.

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