

J
A
C
J
O
S
H
A
M

JAC JOURNAL OF SCIENCE, HUMANITIES AND MANAGEMENT

(A National Journal)

Vol.5, No.1

Dec. 2017

ISSN 2347-9868



Published by

JAYARAJ ANNAPACKIAM COLLEGE FOR WOMEN (Autonomous)

Accredited at 'A' Grade in 3rd Cycle by NAAC

Affiliated to Mother Teresa Women's University, Kodaikanal

PERIYAKULAM - 625 601, TAMIL NADU

www.annejac.com

Paul Rami S and Mary Suganthi Bal J.

Paul Rami S and Mary Suganthi Bal J.
The and Research Centre for Women, Periyakulam- 625601, Theni District,
Tamil Nadu, India.
marysuganthibal@gmail.com

Abstract

A DIC is an institution established at the district level so as to provide them to setup small and village industries in the district, before the setting up of DIC, a prospective entrepreneur aims to go to several agencies in order to get the necessary assistance and facilities. This caused considerable delay and waste of time and money but now suitable powers have been delegated by several departments of the state government to DIC, so that an entrepreneur may get all the assistance from a single agency. Hence, the present study has been undertaken to evaluate the impact of DIC assistance on the Growth of MSME in Theni District.

Key words: District Industries Centre, MSME, Entrepreneurs.

1. Introduction

The District Industries Centre (DIC) was started in 1978 as a centrally sponsored scheme with an object of providing all the services and support to villages and small scale enterprises under a single roof for the effective development of small scale industry in the widely dispersed rural areas and small towns of the country. The main thrust of the DIC is on the development of such industrial units, which can create large employment opportunities in rural and semi-urban areas. At present 422 DICs are functioning and providing assistance to small scale industries dispersed in 431 districts of the country. They are located at the district headquarters. They are functioning like a co-ordinating agency as well as a multiple function agency in the metropolitan cities namely Delhi, Mumbai, Kolkata and Chennai.

The major functions of DIC are to identify potential entrepreneurs, prepare industry profiles, provide technical consultancy and support for getting finance through loans and subsidies from the public sector banks and government, arrange for the supply of raw materials, provide guidance in marketing of products and impart training to the entrepreneurs. Each DIC consists of a General Manager as a head, functional manager and three project managers. They provide technical service in the areas relevant to the needs of District concerned. General Manager of DIC coordinates the functions of DIC and administers the various schemes and programmes for rural industries such as money programme, bank credit, location and the development of backward areas.

The general manager with the assistance of other managers is also responsible to draw up on two or three year programmes for promotion of various type of rural industries and small scale and tiny industries in the district. To achieve this, the officials of the center have to work through the extension staff of development and blocks for rural and cottage industries and with specialized agencies like SSI at the state level. The state level co-ordination committee, set up by the state government is responsible for reviewing and approving the various schemes by the centers and there after asking the general manager to implement them. The success of DICs is depending upon the general manager as well as his team.

2. Objective

To analyze the impact of DIC assistance on the growth of MSME in Theni district.

3. Sampling Design

As per the official records of MSME (Micro Small Medium Enterprises) and DIC (District Industries Centre) in Theni district, during the financial year of 2015-16, there are 7960 registered MSME are functioning in Theni District. Among these respondents 200 respondents have been selected as sample for this study. Because of convenient, accessibility and proximity to the researcher, convenience sampling method has been adopted for primary data collection.

4. The Impact of DIC Assistance on the Growth of MSME
 One of the objectives of the present study is to examine the impact of DIC assistance on the growth of the respondents. The impact was measured by the extent of increase or decrease in the following variables selected for the study during: before and after getting support.

TABLE 4.1
 Change in Average Value of the Building

Period	Average value of the Building (Rs)	Percentage Change
Before getting support from the DIC	3084765.60	-
After getting support from the DIC	6205742.20	+101.17

Source: Computed from Primary data
 Table 4.1 shows that changes in average value of building of the industry was Rs.3084765.60 before getting support and was Rs.6205742.20 after getting the support. This shows an increase of 101.17 percent.

The resultant increase of value of building of the industry may be due to construction of additional building, extension of existing building, renovation and remodeling of existing building according to the business requirements and purchase of additional land for the business.

In order to find out whether such increase in the value of building of the industry was statistically significant or not, the following null hypothesis was framed: The value of building of the industry has not significantly increased after getting support from the DIC.

To find out the validity of the above statement, test of significance (t-test) was applied and the results are presented in Table 4.1.2.

TABLE 4.1.2

Change in Average Value of the building -Test of Significance

Factor	Amount		Increased or Decreased (Rs)
	Before Getting Support from DIC	After Getting Support from DIC	
Average value of the building	3084765.60	6205742.20	3120976.60

Source: Primary data

**Significant at one per cent level
 Table value 2.58

It could be observed from Table 4.1.2 that the apparent increase in the value of the building of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't' value (5.861) is greater than its corresponding table value (2.58) at one percent level. Therefore the null hypothesis is rejected. Hence it may be concluded that DIC helped the industries to purchase and remodel the building.

4.2. Changes in the Average Value of Machinery

Machinery is one of the important fixed assets in industries. Large portion of the fixed capital is used to purchase the machinery. Machinery is installed to convert the raw material into finished goods. Machinery which is required for the manufacture of a product is obtainable from inside and outside of the country. In some cases machinery is got fabricated, while in others, second hand machinery is considered suitable.

The change in average value of machinery before and after getting support from the DIC is presented in Table 4.2.

TABLE 4.2

Change in Average Value of the Machinery

Period	Average Value of Machinery (Rs)	Percentage Change
Before getting support the from DIC	1466128.20	-
After getting support the from DIC	2775192.30	+89.28

Source: Primary data

Table 4.2 reveals that changes in average value of machinery of the industry had been Rs.1466128.20 and after getting it was Rs.2775192.30. This shows an increase of 89.28 per cent. It may be due to the fact that most of the entrepreneurs purchase machinery only after getting support from the DIC. To find out whether such increase in the value of machinery of the industry was statistically significant or not, the following null hypothesis was framed.

There is no significant difference in the value of machinery of the industry before and after getting support from the DIC

TABLE 4.2.1
The validity of the above statement was tested with the help of test of significance (t-test) and the results are presented in Table 4.2.1

Change in Average Value of Machinery - Amount	Increased or Decreased (Rs)		t [*] Value
	Before Getting Support from DIC	After Getting Support from DIC	
Factor	1468128.20	2775192.30	2.96
Average value of the machinery	1468128.20	2775192.30	2.96

Source: Primary data
**Significant at one per cent level
Table value 2.58

It is evident from the Table 4.2.1 that the apparent increase in the value of machinery of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't' value (2.96) is greater than its corresponding table value (2.58) at one percent level. Therefore, the null hypothesis is rejected. Hence it may be concluded that due to the support, the value of the machinery of the industry has substantially increased.

4.3. Change in the Average Amount of Working Capital

Working capital is the Amount of fund which is required for its day to day operations. It is short term finance. It is utilized to purchase raw materials, inventories, spare parts and payment of wages. It is required for running business. It is raised out of one's own funds and short term loans in the form cash credit and overdraft from the DIC.

Table 4.3 reveals the average amount of working capital of the industry before and the changes in percentage during before and after getting support from the DIC.

Table 4.3

Period	Average value of the Working Capital (Rs)	Percentage Change
Before getting support from the DIC	1566830.00	
After getting support from the DIC	2303783.30	47.7

Source: Primary data

It is evident from the Table 4.3 that before getting support, the average amount of working capital of the industry had been Rs.1566830.00 and after getting support it was Rs.2303783.30. This shows an increase of about 47.97 per cent. It may be due the fact that entrepreneurs keep adequate working capital in order to meet the day to day expenses.

The following null hypothesis was framed in order to find out whether such apparent increase in the amount of working capital of the industry was statistically significant or not.

The total amount of working capital of the business has not significantly increased after the support from the DIC.

To find out the validity of the above statement, test of significance (t-test) was applied and the results are presented in Table 4.3.1

TABLE 4.3.1

Factor	Amount		Increased or Decreased (Rs)	t [*] Value
	Before Getting Support from the DIC	After Getting support from the DIC		
Average value of working capital	1566830.00	2303783.30	746953.30	6.989**

Source: Primary data
**Significant at one per cent level
Table value 2.58

It is evident from the Table 4.3.1 that the apparent increase in the value of working capital of the industry after getting support, the average amount of working capital of the industry after getting support was compared to that one before getting support is statistically significant as the calculated 't' value (6.989) is greater than its corresponding table value (2.58) at one percent level. Therefore, the null hypothesis is rejected. Hence, it may be concluded that due to the DIC support, the amount of the working capital of the industry has substantially increased.

5. Suggestions

- The district industries centre should impart training not only to the prospective entrepreneurs but also to the existing entrepreneurs on the latest technology.
- DIC should provide all the required assistance to enable the existing small scale industries to attain maximum capacity utilization.
- DIC should avoid delay in the registration of small-scale industries by simplifying their cumbersome formalities and documentation should be simplified for availing of any assistance from / through DIC.
- DIC should assist the entrepreneurs in marketing their products by arranging for industrial exhibitions in the area of their operation once in a month. This may give an opportunity to entrepreneurs to popularize their products widely.
- DIC should come close to the entrepreneurs and have good relations with them.
- The domination of the banks in giving financial assistance to small industries should be reduced. To that extent, DIC should become a partner in the recovery of loans.
- Wider and effective publicity should be given regarding new schemes available in DIC and about the promotional activities like seminars, fairs, exhibitions conducted by it.
- The manager should help the new entrepreneurs to bring forward proposals which are technically sound, feasible and innovative. Further, the manager should see to it that they are financed by the banks.

6. Conclusion

The study reveals that the District Industries Centre, Theni District played a vital role in developing the MSME located in this District. This role from the considerable progress of MSME sector and its impressive contribution to the development of the district. There should be better co-ordination between different agencies involved in promoting rural industrialization, especially in backward areas. If the aforesaid suggestions are properly implemented by authorities concerned, then there would be a significant growth in MSME resulting in the overall growth of Theni District.

References

Rao K.V. in his study, *Small-scale Industries and Planned Economy*, Sterling Publishers, Delhi, 1989.

Sharma R.A., "Entrepreneurial Change in Indian Industry" Sterling Publishers Pvt., Ltd., New Delhi, 1990 p.29

Subbi Reddy T. and Bhaskar Reddy. M, "DIC and Development of SSR" *Indian Journal of Marketing*, Vol.XI, January to February 1991, pp.25-28.

Neelamegam. R, A Study of Institutional Financing to Small Scale Industries (With Special Reference to Tamil Nadu). Ph.D Thesis submitted to Madurai Kamaraj University 1993.

Venkateswara Rao, T. "Impact of DIC Programme on Rural Industrialization - A Study of Two Districts", *SEDME*, Hyderabad, Vol.XIV No.4, December 1997, pp.43-57.

Jayalakshmi Kumpahla, "Role of DIC in TRYSEM", *SEDME*, Hyderabad, Vol.XIV no.1, March 1997, pp.1-10.

Satya Sundram, I. "What ails DICs?", *Economic Times*, August 4, 1998.

Yousuf Kahan, Y.S. *Problems of Small - Scale Industry - A Study with Special Reference to SSI units in Theni*. M.Phil dissertation submitted to Madurai Kamaraj University 1998.

Reddappa Reddy, L. Role of DIC in Development of Small Industries in Chittoor District of Andhra Pradesh, Ph.D. Unpublished Thesis, Venkateswara University, Tirupathi, 1999.