



Performance and Growth of Entrepreneurs on Small Scale Industries and Its Pressure

Dr. L. Leo Franklin¹ & Dr. V. Jancy Rani²

¹Assistant Professor, Department of Commerce, JJ College of Arts and Science (Autonomous), Pudukkottai

Affiliated to Bharathidasan University, Trichy, Tamil Nadu

²Assistant Professor, Department of Commerce, Ganesar College of Arts and Science, Ponnamaravathy, Tamil Nadu



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Abstract

The small-scale industry occupies a crucial place in the economies of all the developing countries of the world. The main aim of the Small-Scale Industrial Policy was to impart more vitality and growth-impetus to the sector to enable it to contribute its mite fully to the economy, particularly in terms of growth of output, employment and exports. This study attempt has been made to analyze the role of DIC, GDP, and EDP in promotion of SSI in Tamilnadu.

Keywords: SSI, DIC, GDP, EDP working, capital, asset, industry, economies

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Introduction

Small-scale industries provide ample opportunity for entrepreneurship to youngsters who have skills and talents of people can be channeled into business ideas which can be converted into reality with little capital investment and almost nil formalities to start a small business. Small industries also enjoy the advantage of low cost of production. Locally available resources are less expensive. Establishment and running costs of small industries are on the lower side because of low overhead expenses. The recent trend in the market is to go in for customised production of even non-traditional products such as computers and other such products. They can produce according to the needs of the customers as they use simple and flexible production techniques.

Significance of the Study

The main aim of the Small-Scale Industrial Policy was to impart more vitality and growth-impetus to the sector to enable it to contribute its mite fully to the economy, particularly in terms of growth of output, employment and exports. Further efforts would be made to deregulate and debureaucratise the sector with a view to remove all fetters on its growth potential, reposing greater faith in small and young entrepreneurs. To improve access to latest information, automation of the ministry of SSI office of dc (SSI), directorate of industries and district industries centers have been set up.



Scope for the study

The concept of district industries centers (DICs) was introduced so that in each district a single agency could meet all the requirements of SSIs under one roof. This study attempt has been made to analyze the role of DIC in promotion of SSI in India, Tamilnadu. The results and discussion made in the current study will prove useful to the various stakeholders of MSMES in India: SSI entrepreneurs, manufacturing, firms, government, support services financial institutions and academicians in understanding the SSI entrepreneurs' perception towards the role of DICs and their business growth before and after joining DIC.

Objectives of the study

Based on the concept discussed above the following objectives were constructed for the effective conduct of the study.

- To evaluate the variables of DIC
- To analyses the perception of SSI entrepreneurs about the performance of DIC (+ve points)
- To analyses the performance of DIC variables with initial and extraction.

Growth and Performance of MSME's in Present

This is the fact that Micro, Small and Medium Enterprises (MSMEs) play a vital role in the development process of most economies of any country. Similarly, MSMEs form the backbone of the Indian economy and have economic growth in India. The MSMEs are the biggest employment provider after agriculture sector. This paper closely analyses the growth and development of the Indian MSME sector since opening of the economy in 1991. It also looks into the present scenario of MSMEs and the challenges they face like lending, marketing, and license issues.

Definitions of Micro, Small & Medium Enterprise

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 in terms of which the definition of micro, small and medium enterprises is as under:

Micro, Small & Medium Enterprises		
	Manufacturing Sector	Service Sector
Enterprises	Investment in Plant & Machinery	Investment in equipment
Micro Enterprises	Does not exceed twenty five lakh rupees.	Does not exceed ten lakh rupees.
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees.	More than ten lakh rupees but does not exceed two crore rupees.
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees.	More than two crore rupees but does not exceed five crore rupees.
Source: Ministry of Micro, Small & Medium Enterprises (MSME's)		

MSME's Growth in India & Contribution in GDP

The Micro, Small and Medium enterprises (MSMEs) play a pivotal role in the overall industrial economy of India. MSMEs constitute more than 80% of the total number of industrial enterprises. and support industrial development. MSMEs contribute nearly 45% to manufacturing and about 40% to the Indian export sector. Their contribution to the Indian GDP is 8% and the sector has registered growth rate of 10.8%. Indian MSMEs have moved up from the manufacture of traditional goods including leather, gems and jewelry, agricultural goods to much more value addition in the manufacturing sector to its entry in the value added services as well.

MSME's Act of India

- Industrial Development Regulation Act
- The Industrial Disputes Act
- The Industrial Employment (Standing Orders) Act,1946
- The Industrial Establishment Act
- Urban Land Development Act
- The Factories Act
- The Minimum Wages Act
- Workmen's Compensation Act
- Equal Remuneration Act, 1976



EDP Experience of India

The first major and systematic effort to identify and develop new entrepreneurs especially from non-conventional community backgrounds was first made in 1970 in Gujarat. Only one or two EDPs were organized in the initial years, as a sort of side activity by one agency; i.e. Gujarat Industrial and Investment Corporation in Gujarat. Later in May 1979, another dimension was added with the setting up of the center for Entrepreneurship Development (CED) in that state, by the state government along with four other state-level institutions Gujarat Industrial Development Corporation (GIDC), Gujarat State Financial Corporation (GSFC), Gujarat Industrial and Investment Corporation (GIIC), Gujarat Small Industrial Corporation (GSIC). The CEDs success in turn convinced India's national financial institutions about the relevance of the programme to other states and the need of a national agency. Encouraged by the continued success of EDP activities in Gujarat and compelled by a growing national concern for generating self-employment among unemployed persons, a number of official and semi-official agencies, and having realized the dire need of entrepreneurship for the development of the country, took up similar EDPs in their respective areas. At present, the EDPs work is being undertaken by over 50 different agencies all over the country. The salient features of some of the agencies, which are actively engaged in EDP work, are worth noting:

(i) The government of India set up 27 Small Industries Service Institutes (SISIs). They conduct programmes primarily for fresh engineers, technical diploma holders and unemployed science graduates.

(ii) Such financial institutions jointly sponsor 17 Technical Consultancy Organizations (TCOs) as Industrial Development Bank of India (IDBI) and or Small Industries Development Bank of India (SIDBI); Industrial Credit and Investment Corporation of India (ICICI); and Industrial Finance Corporation of India (IFCI); along with state level financial institutions and banks. The TCO programmes for entrepreneurship development are meant for young graduates, the educated unemployed, and in some cases, experienced employees, traders and women.

(iii) Some 10 to 12 other agencies such as the nationalized banks, management institutes and

voluntary organizations, universities and colleges also are now starting EDPs through a few elective papers as part of their regular courses of study.

With such burgeoning of the EDP activities, it was felt that the time was ripe for the emergence of apex; all India institutions to help and guide the next phase of consolidation and development of EDP work in the country. Accordingly, the following two institutions were set up:

a) Entrepreneurship Development Institute of India (EDII) was set up in 1983 Ahamadhabad, at the initiative of the IDBI with support from the ICICI, the IFCI, the SBI, and the state Government of Gujarat.

b) National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi.

EDPs of Tamilnadu and Ramanathapuram District

The EDPs in Tamilnadu, today are recognized in India as comprehensive and successful. In this State mainly Tamilnadu Industrial and Technical Consultancy Organization (TNITCO), Tamilnadu State Financial Corporation (TNSFC), conduct the EDPs and a few Programmes are conducted by Commercial Banks.

TNITCO

The TNITCO, having professional experience in counseling enterprises, identifying project ideas and preparing detailed project reports, is conducted EDPs since 1979 and it has so far conducted 22346 programmes in different places of the State. Table 1.6 shows that the TNITCO have identified and conducted 22346 programmes in the last twenty-six years. Of the total EDPs 211930 (81.82 percent) entrepreneurs are trained from 6927 (30.99 percent) general programmes, 34000 (13.13 percent) minority entrepreneurs from 12058 (53.96 percent) minority EDPs, 7080 (2.73 percent) technical entrepreneurs from 1440 (6.44 percent) science and technology category and finally 6000 (2.32 percent) women entrepreneurs from 1921 (8.59 percent) ED programmes. ABLE 1.6 Entrepreneurship Development Programmes Conducted By Tamilnadu Industrial and Technical Consultancy Organization (TNITCO) From 1979-80 To 2004-05.



Type of Entrepreneurship Development Programmes (EDPs)	No. Of EDPs Conducted	No. Of Candidates Trained	Sponsoring Agency
General	6927 (30.99)	211930 (81.82)	SIDBI, NABARD & National BC Finance Corporation, Delhi.
Women	1921 (8.59)	6000 (2.32)	SIDBI
Science & Technology	1440 (6.44)	7080 (2.73)	Different Engineering Colleges, IDBI, SIDBI.
Minorities	12058 (53.96)	34000 (13.13)	Minority Welfare Dept., Govt. of TN
Total	22346 (100.00)	259010 (100.00)	--

Note: Figures in parentheses in DIC at percentages to totals. Source: Records from TNITCO and Commissioner of industries Hosur. Since then, the TNITCO was conducted 21 programmes in the Nellore district at different locations of which seven programmes were exclusively for women and the remaining fourteen programmes were general programmes. Altogether 156 women candidates were trained in these two programmes. Among the trained women twenty-seven are about to start their small-scale enterprises. At the same time in the general category 126 candidates were trained, of whom 32 have started enterprises which are in operation.

Role of District Industries Center

The district industries centers (DIC's) was started in 1978 with a view to provide integrated administrative framework for promotion of small scale industries. The DIC's are envisaged as a single window interacting agency at the district level providing service and support to small entrepreneurs under a single roof. DIC's are the implementing arm of the central and state governments of the various schemes. Registration of small industries is done at the district industries centre and PMRY (Pradhan Mantra Rojgar Yojana) is also implemented by DIC. The organizational structure of DICs consists of general, functional and project managers to provide technical services in the areas relevant to the needs of the district concerned. Management of DIC is done by the state government. Progress of DIC till march 31st 1998, 422 district industries centers (DICs) have been set up covering 431 districts of country leaving out the metropolitan cities and some new districts.

The same rose to a total of 640 districts as per the census of 2011.

Level of Significance: 5 per cent

To determine of one or more of the independent variables are significant predictors of perception of SSI entrepreneurs about the performance of DIC (positive) the information provided in the co-efficient table is examined. All the above 19 parameters statements are statistically significant. The standardized co-efficient beta column reveals that perception of SSI entrepreneurs about the performance of DIC (positive) met have beta co-efficient

Perception of SSI entrepreneurs about the performance of DIC (positive) = .295 (Constant)
 $\pm .188$ (The subsidies provided by DIC helps the development of the unit)
 $\pm .267$ (DIC disburses the subsidies and incentives on time)
 $\pm .269$ (DIC takes follow-up steps regarding loans from financial institutions)
 $\pm .282$ (The financial institutions sanction loans to all the units recommended by DIC)
 $\pm .188$ (Without DIC, there will be no growth and development in SSI Units)
 $\pm .255$ (The new financial assistance schemes of the Govt. are given enough publicity by DIC)
 $\pm .147$ (DIC provides all services connected with marketing)
 $\pm .537$ (DIC officials are specialists have caballing of resolving the problems of SSI units)
 $\pm .215$ (DIC has qualified technocrats who can assess the resource potential of the district)
 $\pm .220$ (DIC's Raw-material Wing is efficient)



In order to provide a more parsimonious interpretation of the results.

Table 1 Perception of SSI Entrepreneurs about the Performance of DIC (Positive)

Variables	Very High	High	Mode	Low	Very Low	Sum	Mean	Rank
It is beneficial to register the unit with DIC	28 (13.33)	26 (12.38)	156 (75.29)	0 (0.00)	0 (0.00)	712	3.39	16
The subsidies provided by DIC helps the development of the u	39 (18.57)	155 (73.81)	13 (6.19)	3 (1.43)	0 (0.00)	860	4.10	4
DIC disburses the subsidies and incentives on time	77 (36.67)	105 (50.00)	26 (12.38)	1 (0.48)	1 (0.48)	886	4.22	2
For all available units, DIC strongly recommends loans from financial institutions	96 (45.71)	13 (6.19)	73 (35.76)	28 (13.33)	0 (0.00)	807	3.84	7
DIC takes follow-up steps regarding loans from financial institutions	15 (7.14)	143 (68.10)	12 (5.71)	13 (6.19)	27 (12.86)	736	3.50	14
The financial institutions sanction loans to all the units recommended by DIC	63 (30.00)	41 (19.52)	92 (43.81)	1 (0.48)	13 (6.19)	770	3.67	10
The loan sanctioned by the financial institutions is adequate	130 (61.90)	16 (7.62)	53 (25.24)	0 (0.00)	11 (5.24)	884	4.21	3
The training offered by DIC is sufficient to run a unit	1 (0.48)	168 (80.00)	12 (5.71)	16 (7.62)	13 (6.19)	758	3.61	11
Without DIC, there will be no growth and development in SSI	66 (31.43)	13 (6.19)	112 (53.33)	15 (7.14)	4 (1.90)	752	3.58	12
DIC is the best channel for the Government for assisting SSI	130 (61.90)	28 (13.33)	39 (18.57)	13 (6.19)	0 (0.00)	905	4.31	1
DIC employees are very courteous	3 (1.43)	168 (80.00)	26 (12.38)	13 (6.19)	0 (0.00)	791	3.77	9
The new financial assistance schemes of the Government are given enough publicity by DIC	51 (25.29)	16 (7.62)	117 (55.71)	25 (11.90)	1 (0.48)	721	3.43	15
The motivation campaigns conducted by DIC are useful	28 (13.33)	13 (6.19)	15 (7.14)	143 (68.10)	11 (5.24)	534	2.54	18
DIC's Single Window clearance Committee functions effectively	0 (0.00)	25 (11.90)	0 (0.00)	172 (81.90)	13 (6.19)	457	2.18	19
DIC provides all services connected with marketing	77 (36.67)	23 (10.95)	26 (12.38)	67 (31.90)	17 (8.10)	706	3.36	17
DIC officials are specialists have caballing of resolving the problems of SSI units	118 (56.19)	39 (18.57)	3 (1.43)	38 (18.10)	12 (5.71)	843	4.01	5
DIC has qualified technocrats who can assess the resource potential of the district	16 (7.62)	153 (72.86)	3 (1.43)	13 (6.19)	25 (11.9)	752	3.58	12
DIC's Credit Wing is efficient	55 (26.19)	86 (40.95)	54 (25.71)	13 (6.19)	2 (0.95)	809	3.85	6
DIC's Raw-material Wing is efficient	28 (13.33)	141 (67.14)	13 (6.19)	25 (11.90)	3 (1.43)	796	3.79	8

Source: Primary Data



Table 2 Perception of SSI Entrepreneurs about the Performance of DIC (Positive)

Variables		Unstandardized Coefficients		Standardized Coefficients		Sig.	Co-linearity Statistics
B				Std. Error	Beta	Tolerance	VIF
Constant	.295	.181	-	1.634	.104	-	-
It is beneficial to register the unit with DIC	-.074	.144	-.042	-.518	.605	.019	52.929
The subsidies provided by DIC helps the development of the unit	-.188	.081	-.082	-2.314	.022	.100	9.979
DIC disburses the subsidies and incentives on time	-.267	.087	-.151	-3.053	.003	.051	19.582
For all available units, DIC strongly recommends loans from financial institutions	-.043	.056	-.039	-.765	.445	.047	21.280
DIC takes follow-up steps regarding loans from financial institutions	-.269	.090	-.243	-2.987	.003	.019	53.006
The financial institutions sanction loans to all the units recommended by DIC	.282	.065	.247	5.355	.000	.039	25.685
The loan sanctioned by the financial institutions is adequate	-.086	.062	-.079	-1.387	.167	.039	25.681
The training offered by DIC is sufficient to run a unit	-.084	.102	-.059	-.829	.408	.025	40.558
Without DIC, there will be no growth and development in SSI Units	.188	.064	.160	2.926	.004	.042	23.804
DIC is the best channel for the Government for assisting SSI Units	-.004	.103	-.003	-.038	.970	.020	51.267
DIC employees are very courteous	-.004	.105	-.002	-.034	.973	.054	18.631
The new financial assistance schemes of the Government are given enough publicity by DIC	.255	.071	.203	3.589	.000	.039	25.621
The motivation campaigns conducted by DIC are useful	.021	.086	.019	.241	.810	.021	48.637
DIC's Single Window clearance Committee functions effectively	-.040	.050	-.023	-.806	.421	.154	6.501
DIC provides all services connected with marketing	.147	.062	.169	2.351	.020	.024	41.302
DIC officials are specialists have caballing of resolving the problems of SSI units	.537	.056	.578	9.604	.000	.035	28.857
DIC has qualified technocrats who can assess the resource potential of the district	.215	.088	.191	2.441	.016	.021	48.704
DIC's Credit Wing is efficient	.066	.071	.048	.940	.348	.047	21.114
DIC's Raw-material Wing is efficient	.220	.105	.152	2.097	.037	.024	42.207



Table 3 Cumulative Perception of SSI Entrepreneurs about the Performance of DIC (Positive)

Variables	Initial	Extraction
It is beneficial to register the unit with DIC	1.000	.973
The subsidies provided by DIC helps the development of the unit	1.000	.944
DIC disburses the subsidies and incentives on time	1.000	.947
For all available units, DIC strongly recommends loans from financial institutions	1.000	.925
DIC takes follow-up steps regarding loans from financial institutions	1.000	.977
The financial institutions sanction loans to all the units recommended by DIC	1.000	.945
The loan sanctioned by the financial institutions is adequate	1.000	.967
The training offered by DIC is sufficient to run a unit	1.000	.979
Without DIC, there will be no growth and development in SSI Units	1.000	.961
DIC is the best channel for the Government for assisting SSI Units	1.000	.980
DIC employees are very courteous	1.000	.951
The new financial assistance schemes of the Government are given enough publicity by DIC	1.000	.949
The motivation campaigns conducted by DIC are useful	1.000	.972
DIC's Single Window clearance Committee functions effectively	1.000	.900
DIC provides all services connected with marketing	1.000	.966
DIC officials are specialists have caballing of resolving the problems of SSI units	1.000	.965
DIC has qualified technocrats who can assess the resource potential of the district	1.000	.980
DIC's Credit Wing is efficient	1.000	.934
DIC's Raw-material Wing is efficient	1.000	.970

Conclusion

The developed as well as the developing countries today rely much upon speeding up industrialization on which their economic development depends. In this process man stands at the center as organizer of human and material resources, as worker, as consumer, and as exchange agent. Of various roles he has to play, his function as an organizer of human material resources is the most important and pivotal to ensure progress. Without his role, the resources of production remain stationary and can never be transformed into products or services¹.

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