

PROBLEMS AND PERSPECTIVES OF SMALL AND MEDIUM ENTREPRENEURS IN MADURAI DISTRICT

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Introduction

Small Medium Enterprises (SMEs) are indispensable to the industrial growth and economic development of any country. This sector has over the years developed as an important constituent of the Indian economy in terms of its share in employment, output and exports. It has also made significant contribution to the advancement of rural and backward areas.

The SMEs can be broadly grouped into two categories traditional SMEs and modern SMEs. Traditional SMEs include handloom, village industries, hand crafts, and coir units. These industrial units are based on traditional skills and techniques. They are mostly located in rural and semi-urban areas.

Modern SMEs produce a wide range of goods, from comparatively simple items to sophisticated items such as T.V. sets, electrical goods, engineering products, and the like. The traditional SMEs are highly labour intensive where as the modern SME units use sophisticated machinery and equipment.

Many incentives are provided both by the central and state government. To accelerate the SMEs and to protect them from on slaughter of the large scale sector. The District Industries Centre (DIC) plays a pivotal role in each district to serve as the focal point for the development of SMEs. Hence, the researcher has undertaken the present study to examine the role of district industries centre in developing SMEs in Madurai district.

Statement of the Problem

Even though SMEs have been playing an essential role in India's Industrial and economic development, they are confronted with a number of problems such as inadequate finance, insufficient supply of raw materials at reasonable prices, problems in market in the finished products and the like. Even in the latest technological development phase, the new entrants find confusion and difficulty in selecting the SMEs projects. They face problems in planning the projects and have poor implementation capacity. The main problem of all the SMEs in India is the marketing of their products. They face financial

shortage to meet their marketing expenses. This needs improvement in economic conditions of the rural population which is closely linked to the growth and development of rural industries. Indian entrepreneurs are not able to expand their businesses due to inadequate supply of funds for acquiring the fixed assets at the project execution stage.

DIC provide a single window for entrepreneurs and serve as a focal point for industrial promotion. Many entrepreneurs have had their files pending for a long time with the development agencies and local bodies. The Indian Institute of Management conducted a study regarding these problems and observed that the single window committee of DIC has no powers to hasten and clear up delayed cases. The functionaries of the DIC give more importance to regulating the activities rather than to promotional work. They give importance to regulatory work while the units facing difficulties in obtaining proper guidance. Improper planning and lack of research and development make the entrepreneur leave the field. A SMEs has to confront several problems such as lack of proper planning, lack of adequate and timely credit for working capital requirements and lack of supply of raw materials and the like.

The industries located in backward areas get abundant supply of unskilled labour. But they need further education and training programmes to suit the needs of the SMEs. A series of studies conducted in this area were reviewed by the researcher considering the importance of the development of SMEs. In this direction, the researcher has made an attempt to evaluate the role of district Industries centre in developing the SMEs in Madurai district.

Objectives of the Study

The study is undertaken with the following objectives.

- To analyse the problems and difficulties faced by the entrepreneurs and the role DIC in the study area
- To make suitable suggestions for improving the functioning of the DIC in the SMEs

Methodology

- The researcher has use primary for the present study. The information collected from the survey constitutes primary data. The data collected from primary sources have been scrutinized, edited and tabulated.
- To collect the primary data a detailed interview schedule was drafted, pre-tested and used in field survey.

Tools for Analysis

In this study, the opinions of the entrepreneurs of the SME units on the role of the DIC have been properly sorted, classified, edited, and tabulated in proper format and tested by using statistical tools such as percentage analysis and Chi square test.

Sampling Design

The researcher has collected data from the 110 sample respondents. The researcher has adopted convenient sampling method.

Opinion of the Entrepreneurs

An attempt has been made to analyse the opinion of the entrepreneurs of the Small Medium Enterprises and the role of the DIC in developing the SMEs in Madurai district. For this purpose, a survey was conducted among 110 entrepreneurs of the SMEs. It covers the opinion of the respondents on matters such as location of business, skilled workers, purchasing of raw materials, assistance given by the DIC and the like.

Gender-wise Classification of the Respondents

The entrepreneurs are either male or female. Male entrepreneurs can easily involve themselves in activities and gather details for their business in the Indian scenario, female entrepreneurs have constraints both in the family and outside active participation Table 1 shows the gender-wise classification of the respondents.

Table 1
Gender-wise Classification of the Respondents

Sl. No.	Gender	No. of Respondents	Percentage to Total
1.	Male	75	68.18
2.	Female	35	31.82
	Total	110	100.00

Source: Primary Data

It is understood from table 1 that, out of the 110 respondents, 75 (68.18%) respondents are male, 35 (31.82%) respondents are female. Nearly two third of the respondents that is. 75 (68.18%) respondents are male.

Educational Level of the Respondents

Education enables the people to have a better understanding of any matter. When a person has good education he can collect more innovative ideas to start a business. The respondents normally have different educational qualifications Table 2 shows the educational level of the entrepreneurs.

Table 2
Educational Level of the Respondents

Sl. No.	Educational Level	No. of Respondents	Percentage to Total
1.	S.S.L.C	14	12.73
2.	H.S.C.	32	29.09
3.	Graduates	36	32.73
4.	Post-graduates	22	20.00
5.	Others	6	5.45
	Total	110	100.00

Source: Primary Data.

It is clear from Table 2 that out of the total 110 respondents, 14(12.73%) respondents have SSLC qualification, 32(29.09%) respondents have higher secondary level qualification, 36(32.73%) respondents are graduates, 22(20.00%) respondents are post-graduates, 6(5.45%) respondents are others. Nearly one-third of the respondents that is 36 (32.73%) respondents are graduates.

Monthly Income Level

The levels of monthly income differ from one to another. When they earn more, they can develop their business by rotating their income according to the changes in the business environment. They can also meet all necessary expenses. If they earn less, they can meet the daily expenses of the business and cannot made further progress. Table 3 exhibits the different income levels of the respondents.

Table 3
Monthly Income Level of the Respondents

Sl. No.	Monthly Income Level	No. of Respondents	Percentage to Total
1.	Below ₹.15,000	20	18.18
2.	₹.15,000 - ₹ 20,000	47	42.72
3.	₹ 20,000 - ₹ 25,000	16	14.55
4.	Above ₹25,000	27	24.55
	Total	110	100.00

Source: Primary Data.

Table 3 highlights that out of 110 respondents 20(18.18%) respondents income is below ₹.15,000, 47(42.72%) respondents earn between ₹.15,000 and ₹ 20,000, 16 (42.72%) respondents earn between ₹ 20,000 and ₹ 25,000 and 27 (24.55%) respondents income is

above ₹25,000. More than one-third of the respondents that is 47(42.72%) respondents have a monthly income of ₹.15,000 - ₹ 20,000.

Becoming an Entrepreneur

Respondents become entrepreneurs from different backgrounds either themselves or due to unemployment. The respondents can further become entrepreneurs as they acquire their parent's business or the DIC'S assistance. Table 4 shows the reasons for becoming an entrepreneur.

Table 4
Reasons for Becoming an Entrepreneur by the Respondents

Sl. No.	Reasons	No. of Respondents	Percentage to Total
1.	Unemployment	60	54.55
2.	Parent's Business	39	35.45
3.	DICs Assistance	11	10.00
	Total	110	100.00

Source: Primary Data.

It is evident from Table 4 that out of 110 respondents, unemployment is the reason of 60(54.55%) respondents, and parent's business is the reason of 39 (35.45%) respondents and DIC's assistance is the reason of 11(10.00%) respondents More than half of the respondents that is. 60(54.55%) respondents are unemployed before become an entrepreneur.

Problems in Marketing of Product at Local Market

The entrepreneurs market their products in the local market while marketing their products. They find problems such as weak bargaining power, competition from the modern sector and the like. Table 5 shows the opinion of the respondents on the problems in marketing their products at the local market.

Table 5
Problems in Marketing of Product in Local Market by the Respondents

Sl. No.	Problems in Marketing of Product	No. of Respondents	Percentage to Total
1.	Yes	73	66.36
2.	No	37	33.64
	Total	110	100.00

Source: Primary Data.

Table 5 exhibits that out of 110 respondents, 73 (66.36%) respondents feel that they face problems in marketing of their products at the local market, 37 (33.64%) respondents do not find any problems in marketing of their products. Majority of the

respondents that is 73(66.36%) respondents face problems in marketing of their products at local market.

Problems in Marketing

While marketing their products, some of the entrepreneurs face problems . They face many problems like financial problems, competition from other manufacturers and product awareness. Table 6 shows the type of problems faced by them in marketing their products.

Table 6
Type of Marketing Problem Faced by the Respondents

Sl. No.	Types of Marketing Problem	No. of Respondents	Percentage to Total
1.	Financial Problem	43	58.90
2.	Competition from other Manufacturers	17	23.29
3.	Awareness of the Product	13	17.81
	Total	73	100.00

Source: Primary Data.

It is clear from Table 6 that among 73 respondents who face problems in marketing their products, 43(58.90%) respondents facing financial problems 17 (23.29%) respondents facing competition from other manufactures and 13 (17.81 %) respondents feel that the customers have no awareness of their product . More than half of the respondents that is 43 (58.90%) respondents facing financial problem.

OPINION OF THE RESPONDENTS ABOUT FUNCTIONING OF DIC OFFICE

Table 7 shows the opinion of the respondents about functioning of DIC office

Table 7
Opinion of Respondents about Functioning DIC Office

Sl. No.	Opinion	S.A.	A.	N.O.	D.A.	S.D.A.
1.	DIC is beneficial to the SSI Units	43 (39.09%)	46 (41.82%)	14 (12.73%)	6 (5.45%)	1 (0.91%)
2.	Procedure for Registration is Difficult	11 (10.00%)	34 (30.91%)	14 (12.73%)	49 (44.55%)	2 (1.82%)
3.	DIC's Single Window Committee function effectively	17 (15.45%)	50 (45.45%)	29 26.36	10 (9.09%)	4 (3.64%)
4.	Banks do not sanction loans to SSI Units Recommended by the DIC	16 (14.55%)	31 (28.18%)	22 (20.00%)	38 (34.55%)	3 (2.73%)
5.	DIC disburses the subsidies and incentives on time	20 (18.18%)	40 (36.36%)	26 (23.64%)	12 (10.91%)	12 (10.91%)
6.	DIC does not provide necessary services connected with marketing	10 (9.09%)	39 (35.45%)	30 (27.27%)	26 (23.64%)	5 (4.55%)
7.	DIC assists the entrepreneurs to get scarce raw materials	16 (14.55%)	39 (35.45%)	22 (20.00%)	24 (21.82%)	9 (8.18%)
8.	DIC does not encourage innovative entrepreneurs	11 (10.00%)	37 (33.64%)	29 (26.36%)	28 (25.45%)	5 (4.55%)
9.	Entrepreneurial Development Programmes are not useful to develop the Industrial Units in the Districts	29 (26.36%)	33 (30.00%)	22 (20.00%)	23 (20.91%)	3 (2.73%)
10.	DIC Employees are courteous	19 (17.27%)	43 (39.09%)	36 (32.73%)	8 (7.27%)	4 (3.64%)
11.	Training Programme offered by the DIC is not sufficient to run a business	14 (12.73%)	26 (23.64%)	41 (37.27%)	25 (22.73%)	4 (3.64%)
12.	DIC should have branches in each block for quick services	19 (17.27%)	43 (39.09%)	30 (27.27)	10 (9.09)	8 (7.27)

Source: Computed data.

Table 7 shows that the opinion of the respondents towards functioning of DIC office. The level of satisfaction is classified as strongly agree, agree, no opinion, disagree, strongly disagree. The respondents are asked to put the tick mark against the attributes of functioning of DIC such as accurate information regarding DIC is beneficial to the SMEs, Procedure for registration is easy, DIC's single window committee functions effectively, Banks do sanction loans to SMEs recommended by the DIC. DIC disburses the subsidies and incentives on time, DIC provide necessary services connected with marketing,. DIC assists the entrepreneurs to get scarce raw materials, DIC encourage innovative entrepreneurs, Entrepreneurial development programmes are useful to develop Industrial units in the districts, DIC employees are courteous, Training programme offered by the DIC sufficient to run a business and DIC should have branches in each block for quick service. Five point scale is used to find the effective functioning of DIC. The points are provided in the following manner. The strongly agree is given 5 points, Agree is given 4 points, No opinion is given 3 points, Disagree is given 2 points, Strongly disagree is given 1point. On the basis of the responses given by the respondents, 46 respondents are agree with regard to DIC is beneficial to the SSI units,49 respondents disagree with regard to procedure for registration is easy, 50 respondents agree with regard to DIC's single window committee function effectively, 38 respondents disagree with regard to banks sanction loans to SME units recommended by the DIC, 26 respondents have no opinion with regard to DIC disburses the subsidies and incentives on time,39 respondents agree with regard to DIC provide necessary services connected with marketing, 39 respondents agree with regard to DIC assists the entrepreneurs to get scarce raw materials, 37 respondents agree with regard to DIC encourage innovative entrepreneurs,33 respondents agree with regard to entrepreneurial development programmes are useful to develop the Industrial units in the districts,43 respondents agree with regard to DIC employees are courteous,41 respondents have no opinion with regard to training programme offered by the DIC is sufficient to run a business, 43 respondents agree with regard to DIC should have branches in each block for quick services.

Summary of Findings

The major findings of the study are given below.

1. It is known that majority of entrepreneurs 68.18% are male
2. It is inferred that nearly one third of the respondents 32.73% are graduates
3. The analysis shows that one third of the respondents 42.72% have a monthly income of Rs. 15,000 - Rs. 20,000 only.
4. It is understood that 54.55% of respondents are unemployed before becoming an entrepreneur and 66.36% respondents are face marketing of their problems at local market

5. Majority of the respondents opinioned that lack of skilled workers, financial problems, difficult in registration and formality persists in the SME units.

Suggestions

The following suggestions are offered based on the findings of the study to improve SME units.

- Entrepreneurs can use the standard procedures and quality raw materials for their manufacturing of goods.

Conclusion

From the survey conducted in Madurai district, it is clear that most of the respondents know about the role of DIC in developing SME units. The DIC play an important role in developing Small and Medium Enterprises units in rural and urban areas. The Small and Medium Enterprises to gives proper training to the skilled and unskilled employees. The government introduces various schemes for Small and Medium Enterprises units. The DIC is recommended loan from banks. This study will help the DIC and researcher to develop a good relationship between them. It helps the government to understand the real status of the existing and new entrepreneurs.

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