7.1 INTRODUCTION

Tirunelveli district is one of the industrially backward districts of TamilNadu. Agriculture is the most important sector of the economy of the district. Concerted effort is being made to study the impact of DIC on the development of Smalls Scale Industries in Tirunelveli district.

Total of 10242 SSI units registered from 2007-08 to 2011-12 in District Industries Centre (DIC) were registered. They were classified into five category namely (i) Food and food products (ii) Paper and paper products (iii) Leather and leather products (iv) Bakery industries and (v) Miscellaneous industries. Out of 10242, 512 sample units (5 percent) were selected by using proportionate random sampling method from each category.

The primary data were collected through personal interviews with the selected SSI units using a well designed interview schedule. The secondary data were collected from various books, journals, periodicals, published and unpublished records, reports and pamphlets from various offices in the district.
as well as in the state. The primary data were collected from the sample units during the six month period between September 2011 and March 2012. The secondary data were collected cover a period of five years from 2007-08 to 2011-2012.

A brief summary of the major findings along with conclusions and suggestions is presented in this chapter.

7.2 SUMMARY OF FINDINGS

In chapter IV, the role of DIC Industry Centre (DIC) on development of SSI units – block wise comparison were analyzed by using Taxonomic method.

(i) Regarding growth indicator, namely the number of registered units, the block wise growth rate in this district has been found to be varied from 6.48 percent in Valliyur block to 10.98 percent in Sankarankovil block.

(ii) With regard to the total investment made, SSI units are found to have male considerable amount of investment. The growth rate of total investment was found to be a minimum of 4.58 percent in Nanguneri block and a maximum of 8.98 percent in Ambasamudrum block in Tirunelveli district.
(iii) The growth rates of block-wise generation of employment reveal that SSI units are found to have generated remarkable employment opportunities and thereby, fulfilled one of its objectives to provide job to the people in Tirunelveli district. The number of jobs created was high in Palayamkottai block 6778 persons and low in 396 persons in Pappakudi.

(iv) The block-wise growth of production is found to be high Nanguneri (9.72 percent) Ambasamudram (9.02 percent) and Shenkottai (8.92 percent) blocks in Tirunelveli district.

(v) With regard to the fifth growth factor, namely micro and cottage industries, Palayamkottai, Manur and Shencottai blocks have achieved a higher growth rate than the other blocks in Tirunelveli district.

(vi) In the case of the sixth growth factor related to employment generated for women, it is found that Palayamkottai, Ambasamudram and Sankarankovil blocks have shown a better performance than the other blocks in Tirunelveli District.

(vii) Regarding the last growth factor, namely employment generated for SC/ST, Charanmahadevi, Vasudevanallur and Palayamkottai
blocks have performed better to generate more job opportunities for scheduled castes and scheduled tribes than the other blocks.

Thus, it is observed from the analysis that among the blocks in the Tirunelveli district, Palayamkottai has achieved a higher growth than all the other blocks in four out of seven growth factors namely number of units registered, employment generated number of micro and cottage industries and employment generated for women.

It could be observed from the analysis of pattern and measure of development that Palayamkottai ranks first and Kalakkad last on the basis of the seven selected growth factors.

The analysis of estimates of potential targets and actual achievements for each block reveals that Palayamkottai has been chosen as the model block to other blocks in Tirunelveli district. The total production is found higher in Shencottai because the actual value is higher than the potential target. In the case of employment generated for SC/ST, the actual value is higher than the potential target in Shencottai and Sankarankovil blocks.
7.3 IMPACT OF DIC’S ASSISTANCE

7.3.1 Impact on Average of Fixed, Working and Total Capital

In order to test the null hypothesis that ‘there is no difference in average of fixed, working and total capital investment in industries before and after DIC’s assistance’, ‘Z’ test was applied. The results revealed that the increases in average fixed working capital and total capital were significant in almost all the industries under study in Tirunelveli district. Thus, it may be concluded that DIC's assistance had brought about a significant increase in average fixed, working and total capital of all SSI units in Tirunelveli district.

The established null hypothesis was rejected for average fixed, working and total capital in all other industries.

7.3.2 Impact on Average Employment Generation

Industry-wise analysis showed that increase in average number of persons employed was higher in Paper and paper products industries (52.14 percent), followed by food and food products industries (48.68 percent). In case of mandays of employment also the average increase was higher in
Leather and Leather based industries (27.33 percent), followed by food and food products industries (6.98 percent) after DIC’s assistance.

The difference in average number of persons employed and mandays employed before and after DIC’s assistance was tested by ‘Z’ test.

The results of ‘Z’ test revealed that the stated hypothesis of no significant difference in generation of employment in selected industries before and after DIC’s assistance was accepted for all five category of industries both in terms of average number of persons employed and average mandays of employment.

Thus, it may be concluded that, DIC’s assistance had effected more employment generation both in terms of average number of persons employed as well as average mandays of employment in other industries in the study area.

**7.3.3 Impact of Capacity Utilization**

Regarding capacity utilization, after getting DIC’s assistance, a remarkable increase was found in capacity utilization of selected industries.
Out of 512 SSI units, 370 (72.27 percent) had increased their utilization capacity by more than 50 percent.

The reasons for utilizing less than 50 percent capacity level are found to be, shortage of finance, followed by shortage of raw materials and labour. Less than 50 percent capacity utilization was found in miscellaneous industries, followed by bakery units.

7.3.4 Impact of Average Annual Variable Cost

Regarding the impact of DIC’s assistance on average annual variable cost, increase in average annual variable cost per unit for both total and components before and after DIC’s assistance was found to be significant, in almost all industries under study.

The industry-wise analysis revealed that a higher percentage increase was found in paper and paper products industries (69.19 percent), followed by miscellaneous industries (40.40 percent). This may be due to increase in volume of production, price level and capacity utilization.

The results of ‘Z’ test for testing the null hypothesis that ‘there is no significant change in average variable cost (total and its components), industry-
wise before and after DIC’s assistance’, revealed that the difference in total cost and its components was statistically significant at 5 percent level.

Hence, the stated hypothesis is rejected and it may be concluded that there was a remarkable change in total cost and its components after DIC’s assistance in all selected industries.

7.3.5 Impact of Average Annual Production

In the case of average annual production, industry-wise analysis showed that, the percentage of increase in the level of average annual production per unit was higher in the paper and paper products industries (59.08 percent) and lower in miscellaneous industries (16.75 percent). The result of ‘z’ test revealed that the percentage of increase in average annual production of main products and total production was significant in all the selected industries and hence the stated null hypothesis was rejected. Thus, it may concluded that there was a tremendous increase in main products and total production in all selected industries. In the case of by-products significant positive changes were found in textile-based and miscellaneous industries only.
7.3.6 Impact of Average Annual Sales

Regarding average annual sales values, the industry-wise analysis showed that the increase in average annual sales per unit was found high in paper and paper products industries (70.48 percent) followed by food and food products (29.11 percent), after DIC’s assistance.

‘Z’ test showed that the established hypothesis is rejected and it may be concluded that average annual sales per unit had increased remarkably in all categories of industry after DIC’s assistance.

7.3.7 Impact of Average Annual Profit

In the case of average annual profit earned per unit, industry-wise analysis revealed that the average annual profit earned per unit was found higher in miscellaneous industries (48.45 percent) followed by bakery units (21.15 percent) and food and food products industries (20.51 percent).

The result of ‘Z’ test revealed that the established null hypothesis was rejected and it may be concluded that DIC’s assistance had enhanced significantly the profit level of the selected industries.
7.4 CORRELATION BETWEEN DIFFERENCES IN PRODUCTION AND PROFIT LEVEL CAUSED BY DIFFERENT TYPES OF ASSISTANCE FROM DIC

The result of correlation between differences in production and profit level caused by different types of DIC’s assistance revealed that except in bank loan, in all other schemes namely State/Special Capital Subsidy, Interest Free Sales Tax Loan/Deferral, Low Tension Power Tariff Subsidy and Generator Subsidy correlation was significant and positive.

7.5 CONSTRAINTS AND PROBLEMS

7.5.1 Problems Encountered by DIC’s Officials

The following constraints were faced by the officers concerned at the implementing state:

i) Poor publicity about DICs scheme;

ii) Absence of extension services;

iii) Lack of co-ordination between DIC and other promotional agencies like banks and Khadi and Village Industries Commission;

iv) Invariable rejection of project reports formulated by the experts of DIC, by the banks;

v) Frequent transfer and failure to fill up vacant posts;
vi) Complex procedures to be followed to satisfy the regulations and

vii) Interference of political leaders, and the lack of adequate training facilities for junior officers.

7.5.2 Problems Encountered by Selected SSI Units

Problems encountered by the selected SSI units are summarized below:

Out of 512 units, 86.91 percent (445 units) faced the problems of power, followed by marketing problems (59.96 percent). Of the total, 59.00 percent of the SSI units have faced problems of finance. Only 53.70 percent 31.25 percent and 22.26 percent have faced the problems of Raw material, labour and technical and managerial guidance. Among the industry categories, leather and leather products and bakery units have faced several problems as the foremost one followed by finance problem. Majority of the food and food products, 110 out of 116 units, faced the problems of finance, followed by power. Leather and leather products and bakery were beset with the problems of power, whereas the miscellaneous industries faced the problems of power.

7.5.2.1 Marketing

In the area of marketing, the majority of respondents encountered problems of competition from small industries.
7.5.2.2 Finance

Regarding finance, meagre assistance from government agencies was the primary problems followed by shortage of working capital. It is understood that, mainly chemical-based industries faced the problem of finance for storing firework products for seasonal sales. Also the textile-based industries were in need of finance for heavy capital investment.

7.5.2.3 Raw material

In respect of raw material, it was observed that scarcity of raw materials, high prices, low quality and scarcity of raw materials were found to be the major problems.

7.5.2.4 Labour

Regarding labour problem, want of skilled labour, unionization and ranked first, second the third respectively.

7.5.2.5 Power

High cost and uncertainty power supply occupied the first and second places in the matter of power problems.

7.5.2.6 Technology

In the case of technical and managerial guidance, inconvenience and not useful were ranked first and second respectively.
7.6 PROBLEMS IN GETTING DIC’S ASSISTANCE

Further in getting DIC’s assistance, the following problems were faced by the selected SSI units:

(i) Some of the selected SSI expressed that there was delay in getting registration and loans due to unnecessary formalities followed by DIC. Most of the SSI units find it difficult to give securities against bank loan as well as DIC loan.

(ii) Regarding the State/Special Capital Subsidy disbursement, SSI units stated that there was delay of one to two years in sanctioning subsidy. Also there were difficulties in obtaining the eligibility certificate for Low Tension Power Tariff Subsidy.

(iii) Lack of co-ordination between Small Industries Corporation and DIC was found to be a hurdle in the development of small industries in the study area. Infrastructure facilities, training and campaigning and consultancy services were found inadequate in the study area. Thus, it may be concluded that the main purpose of DIC in providing all assistance under one roof has to been achieved, in future, which is as expected, in the study area.
7.7 SUGGESTIONS

Based on the above findings of the study the following suggestions are offered to improve the performance of the District Industries Centre.

(i) The projects prepared by DIC officials are often unsuited to the local environments. Therefore, DIC should identify the schemes and offer them to entrepreneurs. It should be the responsibility of the local entrepreneur, who is going to tap the local potential resources, to prepare the project.

(ii) The manager should help the new entrepreneurs to bring forward project reports which are technically sound, feasible and innovative. Further the manager should see to it that they are financed by the banks.

(iii) DIC should be equipped with trained and qualified technocrats suitable to resource potential of the district concerned.

(iv) Frequent transfer of DIC officials should be avoided and vacant post should be filled up immediately.

(v) The district industries centre should impart training not only to the prospective entrepreneurs but also to the existing entrepreneurs on the latest technology.
(vi) DIC should provide all the required assistance to enable the existing small-scale industries to attain maximum capacity utilization.

(vii) 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.

(viii) DIC should assist the entrepreneurs in marketing their products by arranging for industrial exhibitions in the area of their operation once in six months. This may give an opportunity to entrepreneurs to popularize their products widely.

(ix) DIC should come close to the entrepreneurs and have good relations with them.

(x) The officials of DIC should not have generalized entrepreneurial and business skills. Rather, they should be specialists who are capable of resolving the small entrepreneurs’ problems with sympathy and understanding.

(xi) DIC should help the entrepreneurs to select the right type of industries which does not pose any problems. Because many of
the entrepreneurs choose a wrong line due to their ignorance and they suffer a lot after entering the industrial field. This may be prevented through timely suggestions, given by DIC.

(xii) The general manager should be delegated with more powers for sanctioning loans, raw material quota and the like.

(xiii) The domination of the banks in giving financial assistance to small-scale industries should be reduced. To that extent, DIC should become a party in the recovery of loans.

(xiv) The time limit for getting eligibility certificate for availing of Low Tension Power Tariff Subsidy should be reasonable so that the eligible entrepreneurs could be benefited.

(xv) Wider and effective publicity should be given regarding new schemes available in DIC and about the promotional activities like seminars, fairs and exhibitions conducted by it.

(xvi) The capital subsidy may be granted on the basis of the value of output, instead of taking capital investment as the basis for deciding the quantum of subsidy.

(xvii) DIC should ensure the timely disbursement of subsidy as well as incentives.
(xviii) Care should be taken to inform the small-scale industries about any positive measures both from central and state governments.

(xix) For effective execution of DIC schemes, government should open block-level branch offices, appoint field staff and direct them to send weekly reports to the head office.

(xx) DIC should be given quotas of different scarce input which could be assessed on the basis of industrial needs of the district in advance. Depot for scarce raw materials should be opened in Tirunelveli district and sufficient quantity of such scarce material should be supplied to all entrepreneurs at controlled price.

(xxi) Development Banking Institutions will have to be set up to play the role of development bankers, distinct from the normal security-oriented financial organizations.

(xxii) The assistance under PMRY scheme may be modified as ₹2 lakhs for loans at 5 percent interest to all entrepreneurs. This would pave the way for getting assistance by all entrepreneurs.

(xxiii) For want of staff, margin money assistance under rural industrial project was stopped by DIC, Tirunelveli after 1993-94. Hence it is
advised that the government should appoint the required staff to revive the scheme.

(xxiv) DIC should see to it that clearances of cases referred to single window committee are faster and speedier.

(xxv) DIC concept will have meaning only when DIC itself has adequate powers to grant licenses, loans and other assistance, or has a powerful say with regard to them.

(xxvi) DIC should be a leader in the development of industries in the district on a continuing basis rather than an administrative tool of the government, indulging in paper work.

7.8 CONCLUSION

The study reveals that the District Industries Centre, Tirunelveli district, have played a vital role in developing the small-scale industrial units located in this District. This is clear from the considerable progress of SSI sector and its impressive contribution to the development of the district. DIC has reduced area imbalances, particularly in terms of the blocks taken for study. Still, there is a great scope for improvement of the economic condition of backward areas, if more attention is paid to SSI sector, since the economic condition is closely
linked to the growth and development of rural industries. There should be better co-ordination among different agencies involved in promoting rural industrialization, especially in the backward areas. If the aforesaid suggestions are properly implemented by the authorities concerned, then there would be a significant growth in SSI units, resulting in the overall growth of Tirunelveli District.

7.9 SCOPE FOR THE FURTHER RESEARCH

The present study paves the way for further research in the following areas:

i) A study on the role of District Industries Centre in women empowerment.

ii) Evaluating the working performance of District Industries Centre.

iii) A comparative study on the performance of DIC of different District.

iv) Service quality of District Industries Centre – an analytical study.

v) A study on the attitude of the beneficiaries towards the services provided by the District Industries Centre.