

ENTREPRENEURSHIP IN SMALL SCALE INDUSTRIES IN CHENNAI - A CONTEMPORARY STUDY

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Introduction

Entrepreneurship is a process undertaken by an entrepreneur to augment his / her business interest. It is an exercise involving innovation and creativity that will go towards establishing his / her enterprise.

One of the qualities of entrepreneurship is the ability to discover an investment opportunity and to organize an enterprise, thereby contributing to real economic growth. Among other things, it mainly involves taking or risk and making the necessary investments under conditions of uncertainty and innovating, planning and taking decisions so as to increase production in agriculture, business, industry etc. Economic backwardness of an economy or region is characterized by the coexistence of unutilized or under-utilized manpower, on one hand, and unexploited natural resources, on the other. Economic development means a process of upward change whereby the real per capita income over a period of time. Entrepreneurship is an important input influencing the industrial development. The unique contribution of entrepreneurship is that, it is low cost strategy of economic development, job creator and technical innovation, promotion export trade, reduces concentration of economic power, effective resource mobilization.

Significance of Entrepreneurship

The specific role of small entrepreneurs in the Indian economy was recognized in industrial policy 1948, 1956, and 1980 itself which stated entrepreneurs are better suited for utilization of local resources to achievement higher growth. This unorganized sector has emerged over five decades as highly vibrant and dynamic sector of the Indian economy is well indicated by its 95% share in the total industrial units in the country, 45% of production in the manufacturing sector, about 40 percent of national export and an estimated employment to the order of 295 lakhs during 2005-06. Small entrepreneurs Entrepreneurship is important for national growth and social development and the unique contribution of entrepreneurship is that, it is low cost strategy of economic development, job creation and technical innovation.

Unregulated growth of large enterprise results in concentration of economic power in a few hands and gross inequalities in the distribution of income and wealth in the country. Since small entrepreneurs use local resources, they are decentralized

geographically. Regional dispersal of industries is imperative to achieve balanced regional development. Thus, small entrepreneurs bring greater equality of income and distribution.

Entrepreneurship and sustainable development All large scale industrial activities, more or less, have the possibility of damaging the environment through different types of pollution. Unlike that the small units, being mostly agro-based, in general, have a capacity of ecological and economic sustainability. They generate large volume of employment along with production at fewer amounts of investment and technology.

Entrepreneurship involves a composite skill, the resultant of a mix of many qualities and traits – these include tangible factors as imagination, readiness to take risks, ability to bring together and put to use other factors of production, capital, labour, land, as also intangible factors such as the ability to mobilize scientific and technological advances.

Statement of the problem

Small scale industrial units are those engaged in the manufacture, processing or preservation of goods and whose investment in plant and machinery (original cost) does not exceed Rs.1crore. These would, inter alia, include units engaged in mining or quarrying, servicing and repairing of machinery. In the case of ancillary units, the investment in plant and machinery (original cost) should also not exceed Rs. 1 crore to be classified under small-scale industry. The investment limit of Rs. 1 crore for classification as SSI has been enhanced to Rs.5 crore in respect of certain specified items under hosiery, hand tools, drugs & pharmaceuticals, stationery items and sports goods by the Government of India. This study will provide an idea to improve the financial aids to SSI units.

The Small-scale industries have a place of pride in Indian economy. They have a high potential for generating employment in semi-urban and rural areas, promoting entrepreneurship and earning foreign exchange. The development of small scale industries is an integral part of the overall economic, social and industrial development of our country. They have developed a spirit of self-reliance and improved the socio-economic conditions of the entrepreneurs and the people depending on them. They use domestic technology in production in most case. In certain cases, foreign technology is also applied. They use local as well as imported raw materials and produce finished goods to cater to the needs of local markets. In certain cases, small scale industries also earn foreign exchange by exporting some of their products.

SSI (MSME) Sector in Tamil Nadu

In India, Tamil Nadu is one of the industrially advanced states. The share of small scale sector in GDP was 29.6 per cent in 2005-06; its growth is being driven by registered and unregistered manufacturing units, which have achieved a growth of 9.3 per cent between 1999-2000 and 2005-06. Indian economy was liberalized in 1991 which helped Tamil Nadu to emerge as one of the front runners in attracting a large number of investment proposals which is roughly about US \$ 58.3 billion in the year 2007 (IBEF Report,

2008). Now, Tamil Nadu is the third largest economy in India but it stands second position in number of SSI units established and number of workers employed and retaining the third position in terms of industrial output.

Objectives of the Study

1. To study the 'Entrepreneurial Development in Small Scale Sector in India and Tamilnadu in particular'.
2. To study the 'Socio - Economic factors (Demographic Profile) of entrepreneurs'.
3. To study the 'major motivational factors of entrepreneurs to start the SSI units'.
4. To study and analyze 'the support system in Tamilnadu (Chennai) and the assistance rendered by various organizations for the development of SSI entrepreneurs'.
5. To examine 'the performance of young entrepreneurs and their success rate in their venture'.

Research Methodology

The study is mainly based on both the primary and the secondary data collected from different financial institutions and the sample entrepreneurs. The relevant materials are also collected from the Directorate of Industries and Commerce, and the agencies of Government of Tamil Nadu and from the Government of India. The primary data from the small scale industrial units were collected by means of questionnaires with particular attention to the financial viability and profitability, financial requirements and assistance received by such units. In addition to the above, the researcher had a discussion with the senior executives of Banks, financial institutions, Government etc., in relation to the study.

Sampling Plan and Data Collection

The young entrepreneurs are selected as a suitable setting to test the proposed research model. Mainly the focus is on the analysis of success rate of young entrepreneurs. The main reason for selecting this topic is the existence of a number of small scale industrial units in Chennai city. To analyse the data, statistical tools are used to measure the success rate of young entrepreneurs.

Research design

The research design adopted for the study is descriptive and exploratory in nature. In the first stage of the study, a survey of literature was undertaken to familiarize the researcher with the various aspects of the study. In the second stage, primary data was collected from individual respondents of small scale industrial units, through structured questions on a five point Likert's scale, which was developed after reviewing the relevant literature. The methodology of the study is based on the primary as well as secondary data. The study depends mainly on the primary data collected through a well - framed and structured questionnaire to elicit the well considered opinions of the respondents. Convenient random sampling is adopted to obtain the responses from the respondents of

small scale industrial units. This study employs both analytical and descriptive type of methodology. The study is conducted in two stages, format with a preliminary pilot study followed by the main study. The secondary data are collected from journals, magazines, reports, publications, books, dailies, periodicals, articles, research papers, websites, book publications, bulletins, manuals and booklets.

Sampling size and Design

The result of the pilot study paved the way for main study taken up from September 2014 and the distribution of questionnaires to the respondents of young entrepreneurs in SSI units throughout Chennai city. 1100 questionnaires were circulated among the respondents, out of which 1055 questionnaires were collected and 55 questionnaires were not properly filled.

Tools used

1. Percentage analysis
2. Descriptive analysis
3. t-test
4. ANOVA
5. Chi - square
6. Bi - variate correlation
7. Multiple regression
8. Factor analysis

Limitations of the Study

1. The study is based on a convenient sample of 1000 small scale units selected at random basis in industrial estates of Chennai city and its environs.
2. The study assumes financial data provided by the sample respondents are genuine. It also considers the various problems faced by the small scale units of the sample from the time of establishment to the expansion of the unit.
3. The study assumes the various information supplied by the units as authentic as that could not be compared and verified with the original books. To maintain business secrecy, the units did not allow the data for comparison and verification.
4. This study does not cover the units which were not financed by either the financial institutions / Banks.
5. The findings of the study are restricted to selected small scale industrial units of industrial estates of Chennai and its suburbs.
6. The study mainly covers the financial assistance rendered by the Tamilnadu Industrial Investment Corporation (TIIC), SIDCO and the Commercial banks only.
7. The study has been conducted based on the responses of the selected SSI units in Chennai city.

Hence, the influences and the findings of the analysis need not be generalized and do not hold good for the entire country.

Major Findings of the Study

1. It is found that most of the respondents (36%) are in the age group of 31-40 years.
2. Majority of the respondents (54%) are males.
3. Most of the respondents (43%) are belonging to OC community.
4. Majority of the respondents (62%) are married. 5. Most of the respondents (31%) education level is post - graduates.
5. Majority of the respondents (75%) of them have undergone training.
6. Majority of the respondents (64%) of them were self-employed in previous occupation.
7. There is no significant difference between Genders with respect to Problems while vetting loans, General problems, Prompt assistance to run the unit successfully, Opinion about State owned financial and promotional institutions for the development of young entrepreneurs and Labour problems.
8. There is no significant difference between Marital Status with respect to Problems while vetting loans, General problems, Prompt assistance to run the unit successfully, Opinion about State owned financial and promotional institutions for the development of young entrepreneurs and Labour problems.
9. There is no significant difference between Training undertaken with respect to Problems while vetting loans, General problems, Prompt assistance to run the unit successfully, Opinion about State owned financial and promotional institutions for the development of young entrepreneurs and Labour problems.
10. There is no significant difference between Nature of Entrepreneurship with respect to Problems while vetting loans, General problems, Prompt assistance to run the unit successfully, Opinion about State owned financial and promotional institutions for the development of young entrepreneurs and Labour problems.
11. There is significant difference between age groups with respect to problems while getting loans.
12. There is no significant difference between age groups with respect to general problems.
13. There is no significant difference between age groups with respect to prompt assistance to run the unit successfully.
14. There is no significant difference between age groups with respect to opinion about State owned financial and promotional institutions for the development of young entrepreneurs.
15. There is significant difference between age groups with respect to labour problems.
16. There is no significant difference between educational qualifications with respect to problems while getting loans.

17. There is significant difference between educational qualifications with respect to general problems.
18. There is significant difference between educational qualifications with respect to prompt assistance to run the unit successfully.
19. There is no significant difference between educational qualifications with respect to opinion about State owned financial and promotional institutions for the development of young entrepreneurs.
20. There is no significant difference between educational qualifications with respect to labour problems.
21. There is significant difference between previous occupations with respect to problems while getting loans.
22. There is significant difference between previous occupations with respect to general problems.
23. There is no significant difference between previous occupations with respect to prompt assistance to run the unit successfully.
24. There is significant difference between previous occupations with respect to opinion about State owned financial and promotional institutions for the development of young entrepreneurs.
25. There is significant difference between previous occupations with respect to labour problems.
26. There is significant difference between forms of organization with respect to problems while getting loans.
27. There is significant difference between forms of organization with respect to general problems.
28. There is significant difference between forms of organization with respect to prompt assistance to run the unit successfully.
29. There is significant difference between forms of organization with respect to opinion about State owned financial and promotional institutions for the development of young entrepreneurs.
30. There is no significant association between Gender and Form of organization.
31. There is significant association between Training undertaken and Form of organization.
32. There is significant association between Nature of Entrepreneurship and Form of organization.
33. There is no significant association between Gender and Training undertaken.
34. There is no significant association between Nature of Entrepreneurship and Training undertaken.
35. There is significant association between Assets have increased over a period of time and Training undertaken.

36. There is no significant association between Addition of Lands, Buildings, or any other assets and Training undertaken.
37. There is no significant association between Turn over and production Increased and Training undertaken.
38. There is significant association between Level of employment increased over a period of time and Training undertaken.
39. There is no significant association between Exports increased over a period of time and Training undertaken.
40. There is significant association between Number of products and orders have increased and Training undertaken.
41. There is significant association between Diversification of production in the current year and Training undertaken.
42. It is found that majority (53%) of the respondents are first generation entrepreneurs only.
43. Majority (53%) of the respondents were prepared their project reports by themselves.
44. It is found that majority 74% of the respondents got the financial assistance from the institution / bank during the starting period only.
45. It is found that 34% of the respondents said that they buy land and building with the financial assistance.
46. Majority (70%) of the respondents said that their assets have increased over a period of time.
47. Majority (84%) of the respondents said that their turnover and production had increased.
48. Majority (85%) of the respondents said that the level of employment has increased over a period of time.
49. Majority (90%) of the respondents said there is an increase in exports over a period of time.
50. It is found that 60% of the respondents said that the number of products and orders has increased over a period of time.
51. Majority (70%) of the respondents said that they have diversified the products in the current year.
52. It is found that 65% of the respondents said that they had 30-60 days for their provisional registration.
53. It is found that 48% of the respondents said that it took 30-60 days for getting loans form TIIC and Commercial banks.
54. It is found that 74% of the respondents opined that to fulfill the ambition of parents as their motivational factor to start the unit.
55. Majority (79%) of the respondents opined that the family members are the subsidiary motivation to start the unit.

56. It is found that 63% of the respondents opined that favorable govt. policy is the assistance to running the unit.
57. It is found that the performance & success rate of young entrepreneurs are success in their venture.

Suggestions

Based on the study, the following suggestions are made.

1. A facility like Money on demand may be introduced by the state government for the registered SSI units to get a short loan up to Rs. 5 - 10 lakhs to tide over working capital constraints, by not following the routine procedures.
2. All young entrepreneurs must be given training at free of cost by the State government in different areas like financial management, marketing management, Human Resource Management etc. can be given by leading big companies.
3. Special focus on development of business opportunities should be given by the state government with respect to the backward areas. In this regard, permanent Trade centres can be established and periodical exhibitions (Trade) could be conducted in those areas.
4. The young entrepreneurs can be identified from the entrepreneurial cells run by the educational institutions and the latest technological innovations and developments should be made known to the young SSI entrepreneurs. This would lead to less labour intensiveness and would also increase the productivity and profitability.
5. Working capital deficit is a common phenomenon. Therefore, to meet sudden deficit in working capital requirements, more avenues of finance may be provided to the entrepreneurs. This information could be made available in Associations and CSI development institutions. Availability of updated 'online' information would be an added advantage.
6. The State is experiencing severe power cut when the thesis is under preparation. Due to long hours of power cut the MSME sector has been worst affected. The production is at stake. The cost of raw materials has gone up. There is heavy delay in payments receivables. To arrest all these problems, the state government should ensure continuous supply of power to SSIs units. They can be treated as a special category and special line or connectivity could be considered.
7. The SSI units cannot move to out of city mainly due to logistical constraints and functional problems. Hence, the state government can consider building more industrial sheds for the SSI entrepreneurs at concessional rates.
8. A cluster approach and coordination of various agencies (combined effort) for the provision and development of common facilities of the SSIs can make them more competitive.

9. Schemes for providing the SSIs an owned building or structure must be developed. This would not only remove the element of insecurity but also enhances their access to finance. This will also encourage them to expand and improve their market base.
10. Cumbersome procedures and formalities in availing major subsidies and concessions including power tariff subsidy could be simplified by the government as there are complaints from the eligible units from using the subsidies given by the government.

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