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IMPACT OF GOVERNMENT ASSISTANCE ON THE DEVELOPMENT OF SMALL (MANUFACTURING) ENTERPRISES IN SIVAGANGAI DISTRICT

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ABSTRACT

The present study entitled as "Impact of Government Assistance on the development of small (manufacturing) Enterprises in Sivaganga District". The small (manufacturing) enterprises located in Sivaganga District consists of agro and forest based units, engineering and allied units, textile and polymer based units, leather and leather based units, chemical based units and miscellaneous units. Totally 311 units, being 20 per cent of the universe, have been selected for this study. The period covered for the study is 10 years from 2007-2008 to 2016-2017 to assess the impact of government assistance on the growth of small (manufacturing) enterprises in Sivaganga District. The study is empirical in nature based on survey method. The entire data required for the study were collected in three stages. The primary data relating to the small (manufacturing) enterprises were collected by interviewing the entrepreneurs with the help of the interview schedule. The secondary data relating to the study like origin and growth of small scale industries in India, Tamil Nadu and in Sivaganga District were obtained from various published and unpublished records, annual reports, bulletins, journals, magazines, etc. and also from the informal discussions with the officials of various departments, trade union leaders, and managers of various industries with the officials of District Industries Centre. These discussions were helpful to the researcher in identifying the problems for the study. The factors such as previous experience, source of labour, pattern of organization, and nature of the unit, professional management and membership are the significant influences on growth.

KEYWORDS : *Small (Manufacturing) Enterprises, Entrepreneurs, Government Assistance.*

INTRODUCTION

The government has given special concessions to Small Scale Industries sector in the areas such as provision of loan by banks, excise and purchase concessions by the government and so on. Some products have been reserved to be produced only by the Small Scale Industries as a measure to help the units to thrive.

Since Small Scale Industries creates new jobs, supplies a wide range of products, contributes to export, helps in more equitable distribution of national income and emerges as outsourcing destination, to an industrializing economy like India, it has increased the attention of the policy makers to a greater extent. An exhaustive industrial framework and wide range of policies and programmes have emerged for the protection and promotion of Small Scale Industries in India. As a result Small Scale Industries has been growing impressively and contributing significantly to employment, industrial production and exports.

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STATEMENT OF THE PROBLEM

Small Scale Industries play a pivotal role in employment creation, resource utilization and income generation and in helping to promote changes in a gradual and phased manner. The small scale sector in India has particularly emerged as a vibrant and dynamic segment of economy. It is a matter of pride that India has a distinct position of its own among the developing countries particularly in the area of small scale industries. India has a vast reservoir of scientific and technical manpower, occupying third position in the world as far as technical manpower is concerned. For the first time, the Small Scale Industries sector received a specific focus towards growth and development in the industrial policy measures.

These policy measures for the Small Scale Industries sector have given considerable focus and attention towards modernization, technology upgradation, quality and human resource development. The Small Scale Industries have recorded a significant rate of growth in spite of stiff competition from the large sector. Since independence, the government had been adopting protective policies and implementing a number of promotional measures.

The Small Scale Industries sector and micro enterprises were developing under the productive umbrella of the government. Since 1991, the economy is gradually being opened up and integrated with the global economy and stress is on qualitative upgradation of the industry and increasing international competitiveness of manufactured goods and service. Due to liberalization and globalization, more and more foreign companies had been allowed to enter the Indian economy. Globalization implies cheaper alternatives becoming increasingly accessible and as a consequence domestic Small Scale Industries are required to confront a new challenge, remaining competitive. The government of India directly and through states and financial institutions has made initiative to support Small Scale Industries units with a view to enhance their competitive strength. To make the Small Scale Industries stronger enough to face domestic and international competition, the government has been supporting the industry through various promotional policies including incentives and subsidies.

Numerous schemes have been floated which support small units from every aspect ranging from quality improvement, export promotion, credit facilities, finance schemes, supply of machinery on hire purchase basis, marketing facilities, credit guarantee fund scheme and many more. Against this background utilization of government assistance by Small Scale Industries and its development has been identified as the problem of the study.

SCOPE OF THE STUDY

The present study entitled as "Impact of Government Assistance on the development of small (manufacturing) Enterprises in Sivaganga District". The scope of the study is restricted to Small (manufacturing) Enterprises located in the Sivaganga District of Tamil Nadu State. The present study is basically aimed at studying the government assistance to Small (manufacturing) Enterprises and identifies factors influencing the development of Small (manufacturing) Enterprises.

OBJECTIVES OF THE STUDY

- To identify the impact of government schemes on economic development of Small (manufacturing) Enterprises.
- To identify the impact of government schemes on industrial development of Small (manufacturing) Enterprises.
- To offer suggestions for better prospects and development of Small (manufacturing) Enterprises.

METHODOLOGY

Sivaganga District has been selected for the study since there is a wide range of small (manufacturing) enterprises units which provide much employment in the area and around Sivaganga. As census method is not feasible, the research has proposed to follow proportionate convenient sampling.

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The small (manufacturing) enterprises located in Sivaganga District consists of agro and forest based units, engineering and allied units, textile and polymer based units, leather and leather based units, chemical based units and miscellaneous units. Totally 311 units, being 20 per cent of the universe, have been selected for this study. The sample of small (manufacturing) enterprises units of Sivaganga District covered by the present study are shown in Table-1.

Table 1: Sample of Small (Manufacturing) Enterprises Units of Sivaganga District Covered by the Study

S.No.	Description	Universe	Sample Units
1.	Engineering & Allied	258	51
2.	Agro & Forest based	380	76
3.	Chemical based	162	32
4.	Leather & Leather based	207	41
5.	Textile & Polymer based	242	48
6.	Miscellaneous	315	63
	Total	**1564**	**311**

Source: District Industries Centre, Sivaganga District.

In terms of the numbers selected above, the sample size (n) and margin of error (E) are given by

x = Z (c /100) 2 r (100r)

n = N x / ((N1) E2 + x)

E = Sqrt [(N n)x/n(N1)]

Where

N- Population size

r- Fraction of responses that

you are interested in

Z(c/100)- Critical value for the confidence level.

The sample respondents were selected in the basis of Cluster Method.

LIMITATIONS OF THE STUDY

One of the greatest challenges the researcher encountered in this study relates to access to and collection of hard data due to extreme data gaps and paucity. This compelled the researcher to limit the study to small (manufacturing) enterprises units.

Another limitation of this study relates to time, funds and logistics constraints, which limited the intensity of the spread or area of coverage of the study.

The researcher was also limited by the reluctance of some respondents to complete the questionnaires promptly and those who even failed to complete them at all. This thus limited the number of respondents involved in the study despite the researcher's efforts and approaches to them explaining the potential benefits of the study to them.

DATA ANALYSIS AND INTERPRETATION

Table 2: Government Schemes/Assistance availed by the Units

S.No.	Government Schemes/Assistance	No. of Units	Percentage
1.	Prime Minister's Employment Generation Programme (PMEGP)	31	9.97
2.	Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small (Manufacturing) Enterprises	69	22.19
3.	Credit Guarantee Fund Scheme for Micro and Small Enterprises	62	19.94
4.	Scheme for Market Development Assistance for MSME	28	9.00

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	Exporters (MSME-MDA)		
5.	Assistance for strengthening of Training Infrastructure of existing and new Entrepreneurship Development Institutions	37	11.89
6.	Scheme on Trade Related Entrepreneurship Assistance and Development (TREAD) for Women	18	5.79
7.	The Equipment Leasing Scheme	13	4.19
8.	Tax Holiday Scheme	12	3.85
9.	Composite Loan Scheme	10	3.22
10.	SSI Scheme (without CENVAT)	19	6.11
11.	SSI Scheme (with CENVAT)	12	3.85
	Total	**311**	**100**

Source: Primary Data.

Table-2 reveals that 22.19% of the units availed Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation of the Small (Manufacturing) Enterprises, 19.94% of the units availed Credit Guarantee Fund Scheme for Micro and Small Enterprises, 11.89% of the units availed Assistance for strengthening of Training Infrastructure of existing and new Entrepreneurship Development Institutions, 9.97% of the units availed Prime Minister's Employment Generation Programme (PMEGP), 9% of the units availed Scheme for Market Development Assistance for MSME Exporters (MSME-MDA), 6.11% of the units availed SSI Scheme (without CENVAT), 5.79% of the units availed Scheme on Trade Related Entrepreneurship Assistance and Development (TREAD) for Women, 4.19% of the units availed the Equipment Leasing Scheme, 3.85% of the units availed SSI Scheme (with CENVAT), another 3.85% of the units availed Tax Holiday Scheme and 3.22% of the units availed Composite Loan Scheme.

Impact of Government Schemes on Economic Development
Hypothesis 1: Government schemes do not have an impact on economic development of small (manufacturing) enterprises units.

Table 3: Government Schemes and Economic Development

Model	Unstandardized Coefficients		t	Sig.
	B	**Std. Error**		
Constant	5.296	0.243	21.840	0.000
Log Government schemes	0.296	0.069	4.274	0.000

Dependent Variable: LogEconomic Development.

Table 4: Impact of Government Schemes on Economic Development

R	R square	Adjusted R square	Std error of the estimate	F	Sig.
0.778	0.736	0.656	2.4124	18.266	0.000

Table-4 depicts that the model is a relatively good one having 65.6% (Adjusted R^2) of the data being explained by the regression equation. Since the result shows that the F-value is within the significance level of 5%, the hypothesis-1 is rejected. This means that Government Schemes does have a significant impact on dependent variable economic development of small (manufacturing) enterprises units.

Impact of Government Schemes on Industrial Development
Hypothesis 2: Government schemes do not have an impact on industrial development of small (manufacturing) enterprises units.

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Table 5: Government Schemes and Industrial Development

Model	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
Constant	6.317	2.402	16.386	0.000
Log Government schemes	3.147	0.753	5.778	0.000

Dependent variable: LogIndustrial Development.

Table 6: Impact of Government Schemes on Industrial Development

R	R square	Adjusted R square	Std error of the estimate	F Statistics	Sig.
0.956	0.924	0.871	1.1246	27.720	0.000

Table-6 reveals that the model is a relatively good one having 87.1% (Adjusted R2) of the data being explained by the regression equation. Since the result shows that the F-value is within the significance level of 5%, the hypothesis-2 is rejected and the alternate hypothesis is accepted. This means that Government Schemes does have a significant impact on dependent variable industrial development of small (manufacturing) enterprises units.

Table 7: Relationship between Patterns of Organization and Growth

S.No.	Type	No. of units	Average Growth	Range
1.	Sole proprietor	84	64.31	40-84
2.	Partnership	159	64.79	40-83
3.	Private limited	68	69.73	45-89
	Total	**311**	**65.73**	

The average growth scores of different groups of units, on the basis of their pattern, vary from 64.31 to 69.73. There are 84 sole proprietor units who have their growth scores that range from 40 to 84. Their average level of growth score is 64.31. Of the 84 sole proprietary units, 35 units (41.53%) have their growth scores above average and 49 units (58.46%) have their growth scores below average.

There are 159 units of partnership type of organization. Their growth scores range from 40 to 83 and their average of growth score is 64.79. Of the 159 units, 77 units (48.78%) have their growth scores above average and 82 units (51.22%) have their growth scores below average.

There are 68 units of private limited companies. Their growth scores range between 45 and 89. Their average growth score is 69.73. Of the 68 units, 40 units (59.62%) have their growth scores above average and 28 units (40.38%) have their growth scores below average.

It is inferred from the table that the average growth score of the units of private limited is higher than that of the other groups. To analyze whether the average score differences between groups are significant, Analysis of variance has been applied and the results are presented in Table-8.

Table 8: Pattern of Organization and Growth

Source	DF	SS	MS	F
Between groups	2	837.77	418.89	3.924
Within groups	308	25301.62	106.76	
Total	**310**	**26139.39**		

Table-8 shows that the average - growth score differences of the various patterns is found to be statistically significant, as the calculated value (3.92) is higher than the table (3.03). Critical difference value is also calculated and the results are presented in Table-9.

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Table 9: Comparison of Growth for Different Pattern of Organization

Groups compared	Mean difference	SED	Critical difference	Significance
Proprietor and partnership	0.48	1.651	3.301	Significant
Proprietor and Private limited	5.42	2.086	4.172	Not significant
Partnership and Private limited	4.94	2.390	4.789	Not significant

Table-9 depicts that the growth score difference of .proprietor and partnership firm group is significant. The distribution of sample units with respect to pattern and growth is presented in Table-10.

Table 10: Relationship between Pattern of Organization and Growth

S.No.	Pattern of Organization	Units Growth			Total
		Low	Medium	High	
1	Sole proprietor	19 (23.08)	57 (67.69)	8 (9.23)	84
2	Partnership	37 (23.58)	85 (53.66)	37 (22.76)	159
3	Private limited	6 (7.69)	42 (61.54)	20 (30.77)	68
	Total	62	184	65	311

From Table-10, the percentage of high level of growth is the highest and low growth is the lowest among the private limited pattern of organization. This indicates that the growth increases with increase in pattern of organization. The study reveals that units with private limited pattern of organization have score growth than their counter parts.

Table 11: Pattern of Organization and Growth

Simple correlation co-efficient	Table value of simple correlation co-efficient	Result
0.139	0.125	Significant

Source: Computed Data

From Table-11, the correlation co-efficient is significant at 5% level. It implies a significant relationship between pattern of organization and growth. Thus pattern of organization influences the level of growth holds good.

SUGGESTIONS

Based on the findings of the study, the researcher has given the following suggestions for the development of small (manufacturing) enterprises in Sivaganga district.

The present study reveals that the growth of small (manufacturing) enterprises in Sivaganga district was very low. It can be improved by introducing the latest technology. Technology is the basis of all industrial activities. Availing one of latest technology alone can ensure better quality, a high rate of productivity and a reduction in cost. But, these small (manufacturing) enterprises units cannot afford to have their own research and development department. Due to their inability to invest in newer technology, the productivity of the sample units is affected. The present study suggests that the government departments like District Industries Centre and Small Industries Development Corporation should come forward to establish a Research Department at Sivaganga district.

It is suggested that the development officers and managers of general insurance companies have to pay frequent visits to the business premises of small (manufacturing) enterprises to educate the entrepreneurs regarding the precautionary measures to be taken by the business people to prevent and

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avoid the perils. In this regard, the government should come forward to introduce new general insurance minimum package to small (manufacturing) enterprises at free of cost or at subsidized rate. It will create a confidence in the minds of business people regarding the risk.

CONCLUSION

The present study is an Impact of Government Assistance on the development of small (manufacturing) Enterprises in Sivaganga District. Lack of government support to make the timely availability of raw materials, frequent failure of power supply, high absenteeism and labour turnover are the other impediments at the production front. Similarly inadequate and untimely financial assistance to small (manufacturing) enterprises', poor working capital management of the units and absence of specialized services in consultancy and training are found to be the other constraints faced by them. The factors such as previous experience, source of labour, pattern of organization, and nature of the unit, professional management and membership are the significant influences on growth.

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