

A STUDY ON PROBLEMS OF DISTRICT INDUSTRIES CENTRE (DIC) BENEFICIARIES IN KANYAKUMARI DISTRICT

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INTRODUCTION

The state government introduced District Industries Centre in Kanyakumari District at Konam, Nagercoil from 1st August 1978. The DIC serves as nucleus for providing the support and assistance required by small scale, rural and cottage industries. Powers of the Directorate of Industries and Commerce have been delegated to District Industries Centre, Konam, Nagercoil and the field officers of the Department. In this paper the researcher has made an attempt to study the concept of DIC, problems of DIC beneficiaries in Kanyakumari District and suggestions to the problems.

OBJECTIVES

The followings are the objectives of this study

1. To find out the problems of DIC beneficiaries in Kanyakumari District.
2. To analyze the problems of DIC beneficiaries in Kanyakumari District.

METHODOLOGY

The present study needed both primary data and secondary data. Primary data means the data collected originally, especially for the study. The researcher collected it through the questionnaire. The secondary data is the data collected by someone else used for the study. Likewise the researcher used secondary data collected from the reports, pamphlets of the DIC, Kanyakumari district and also through different articles, journals and magazines and websites. The list of entrepreneurs along with their basic profile was collected from District Industries Centre, Nagercoil and it was classified according to the year and type of organization. The total number of entrepreneurs according to the details obtained from the District Industries centre was 4967. Out of the total population of 4967 entrepreneurs from the year 2010 to 14, 3000 are Industrial/ Manufacturing entrepreneurs and 1967 are Trade and Service entrepreneurs.

This study employed a properly structured questionnaire, which was finalized after a through scrutiny of various questions by various experts. The questionnaire used in the study includes multiple-choice questions that helped the researcher to obtain the required qualitative data.

PROBLEMS & ANALYSIS OF ENTREPRENEURS

The problems of entrepreneurship can be divided into two groups.

INTERNAL AND EXTERNAL

Internal problems are those, which are not influenced by the external forces. External problems are the problems which result from factors beyond the control of an entrepreneur like, the availability of power and other infrastructure facilities required for the smooth running of the enterprise. These two types of problems are not mutually exclusive but they are co-related. The analysis of data requires a number of closely related operations such as establishment of categories to raw data through coding, tabulation and drawing inferences. The problems faced by the selected entrepreneurs are as follows.

LACK OF ADEQUATE CREDIT FACILITY

Finance is the lifeblood of any business. Financial problem is the basic problem of all the entrepreneurs. Finance is not only essential to start an enterprise but also to carry out smoothly the day to day business affairs. Finance is needed at every stage of the business. Even though entrepreneurs are allowed certain percentage of their investment as loans and subsidy mostly the amount is very minimum to a business. Adequate and timely supply of credit facilities is an important problem. This is partly due to scarcity of capital and partly due to weak credit worthiness of the entrepreneurs.

The following table shows the opinion of the entrepreneurs on adequacy of credit facilities.

Table 1. Opinion of the Entrepreneurs on Adequacy of Credit Facilities

Response of the Entrepreneurs	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Sufficiently Adequate	-	-	-	-	-	-
Adequate	124	41.33	43	21.83	167	33.6
Inadequate	176	58.67	154	78.17	330	66.46
Total	300	100	197	100	497	100

Source: Primary data

The finance problem of lack of credit facilities faced by the entrepreneurs in the study area is shown in Table 1. Of the total entrepreneurs (497), 66.46 percent respondents have inadequate credit facilities and 33.6 percent respondents have adequate credit facilities of credit. Zero percent of these entrepreneurs have the opinion of sufficiently adequate. Therefore inadequacy of credit facilities is an important problems faced by the entrepreneurs in the study area.

TIME TAKEN FOR THE DISBURSEMENT OF LOAN

Capital is very essential at every stage of any business. The capital which is invested by the entrepreneurs may be of their own money or loan money. Mostly they arrange loan for their business. When they need money they may arrange for loans. So they must get loan money immediately but usually they find it very difficult to arrange for it, or after arranging in getting the loans. The loan applied for should be available as and when it is needed. Here the role of banks is very important. After being sponsored by the DIC the respective banks may take their own time for the sanction of loans. After sanctioning, they may take again time for the disbursement of loan.

Table 2. Time Taken by the Banks to Disburse Loan

Time taken by banks to Disburse loan	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Less than 1 month	31	10.33	10	5.07	41	8.25
1-3 Months	124	41.33	72	36.55	196	39.44
3-6 Months	47	15.67	62	31.47	109	21.93
6-9 Months	57	19	39	19.8	96	19.32
9-12 Months	41	13.67	14	7.11	55	11.06
Above 12 Months	-	-	-	-	-	-
Total	300	100	197	100	497	100

Source: Primary data

Table 2 clearly shows that majority of respondents (39.44 percent) said that the time taken by the banks for the disbursement of loan is between 1-3 months. 21.93 percent respondents said that the banks take 3-6 months. 19.32 percent respondents said that the banks take 6-9 months 11.06 percent respondents said that the banks take 9-12 months. Only 8.25 percent of the respondents said that they have got the loans within 1 month.

Commonly the banks disburse the loan within 12 months ie one year, as months for the disbursement of loans. Anyhow 12 months may be considered as a long time for any businessman to get the loan amount. Therefore it is considered as a serious problem suffered by the entrepreneurs.

MARKETING PROBLEMS

The success of any enterprise depends as much on its production and marketing of the goods and services. In Kanyakumari District, markets are not properly organised, majority of the entrepreneurs are having marketing problems. In the absence of organised marketing, their products are compared unfavorably with the quality of the products of large scale units. They also fail to get adequate information about consumer's choice, taste and preferences of the types of product. This problem if continued, the entrepreneurs cannot exist in the market. Therefore it should be considered as a serious problem. Table 3 shows the marketing problems of entrepreneurs.

Table 3. Basis of Marketing the Goods and Services of Entrepreneurial Activities

Basis of Marketing	Industry Sector		Trade and Service		Total	
	No of entrepreneurs	%	No of entrepreneurs	%	No of entrepreneurs	%
Retail sale	196	65.34	102	51.78	298	59.96
Wholesale	52	17.33	51	25.89	103	20.72
Over the Counter	-	-	32	16.24	32	6.44
Any Other	52	17.33	12	6.09	64	12.88
Total	300	100	197	100	497	100

Source: Primary data

Table 3 of the total entrepreneurs (497) 59.96 percent of the entrepreneurs felt the problem of retail sale. 20.72 percent of these entrepreneurs realized the problem of wholesale. 12.88 percent of the entrepreneurs realized the problem in some other ways. 6.44 percent of the entrepreneurs of trade and service sector felt the problem of marketing over the counter.

PROBLEMS OF FOLLOW-UP ASSISTANCE RECEIVED BY THE ENTREPRENEURS

Entrepreneurs need various follow up assistance for the successful implementation of Entrepreneurship programme. The type of follow up assistance received by the respondents of study is given in table 6.7. They need many follow up Assistance like selecting the product

to be produced, or service to be rendered, conducting market survey, acquiring machinery and raw materials and marketing.

Table 4. Type of Follow-up Assistance Received by the Entrepreneurs from the DIC

Type of follow up assistance provided by the DIC under EDPs	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Preparing the Project	102	34	75	38.07	177	35.61
Selecting product to be produced or services to be rendered	32	10.67	58	29.45	90	18.11
Conducting Market	52	17.33	12	6.09	64	12.88
Acquiring Machinery & Raw Materials	57	19	26	13.19	83	16.7
Marketing	57	19	26	13.19	83	16.7
Total	300	100	197	100	497	100

Source: Primary data

From the table 4, it is clear that 35.61 percent of the respondents find it very difficult to prepare the project. 12.88 percent of the entrepreneurs find it difficult to conduct market survey. 16.7 percent of the respondents find it difficult to acquire machinery and raw materials. 18.11 percent of the respondents find difficult in selection of product or service. Therefore, majority of the respondents are of the view that they find difficult in preparing project report or plan. Hence the major role of DIC must be in such a way to help them in the preparation of their project report. And they have to assist in all other fields also.

PROBLEMS DUE TO LACK OF EDUCATION

Due to low educational qualifications, the entrepreneurs have to face problems in different aspects viz., dealing with banks and government officials, dealing with customers, dealing with taxation formalities etc. Since majority of the respondents belongs to the low educational qualification, it is really a notable problem. The table 5 shows the details of Problems faced by the Entrepreneurs due to Lack of Education.

Table 5. Problems Due to Lack of Education

Nature of Problems	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Dealing with the customers	126	42	75	38.07	201	40.44
Dealing with the Government officials and banks	112	37.33	95	48.23	207	41.65
Dealing with the taxation formalities	62	20.67	27	13.7	89	17.91
Total	300	100	197	100	497	100

Source: Primary data

Of the total entrepreneurs (497) in the study area, 41.65 percent of the respondents of these small sale industrial units are facing the problem of dealing with the government officials and banks due to lack of education. 40.44 percent of these entrepreneurs are facing the problems of dealing with the customers. 17.91 percent of the entrepreneurs are facing the problem of dealing with the taxation formalities. DIC must identify those beneficiaries with low level of education and help them in all the above fields. During the period of their training programme efforts may be taken to overcome it. Moreover, self- confidence also is created in the minds of such entrepreneurs at the time of their EDP- programme. Otherwise, it will become a great problem.

REPAYMENT PERIOD ALLOWED BY THE BANKS

The entrepreneurs expect the repayment period of the loan must be reasonable. They must feel that they are being able to start repaying the amount form the profit earned out of business. They may be able to repay when they stay strongly in their own legs. The bank must give time for them. The opinion about the repayment period allowed by the banks is given in table 6

Table 6. Repayment Period Allowed by the Banks

Opinion of the Entrepreneurs	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Reasonable	150	50	121	61.42	271	54.53
Not Reasonable	150	50	76	38.58	226	45.47
Total	300	100	197	100	497	100

Source: Primary data

The table 6 clearly shows that among 497 respondents, 271 respondents (54.53 percent) opinion that the repayment period allowed by the banks is reasonable. The remaining 226 respondents (45.47 percent) opinion that the repayment period allowed by the banks is not reasonable. It is inferred that the majority of the respondents are of the view that the repayment period is reasonable. It is not enough. All the entrepreneurs who avail the loans should feel so. Hence the grounds of their arguments must be traced out and resolved. Otherwise, it will become a tedious problem against the repayment of loans.

RATE OF INTEREST CHARGED BY BANKS

Every body likes to get a loan at very low interest rate. Nobody is an exception to this wish. Banks charge interest to the borrowers and it pays its savers for keeping money in an account. The following table 7 shows idea about the rate of interest charged, by banks for the loans.

Table 7. Rate of Interest Charged by Banks

Opinion of the Entrepreneurs	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Too High	85	28.33	27	13.71	112	22.54
High	157	52.33	123	62.44	280	56.34
Justified	58	19.34	47	21.32	105	21.13
Total	300	100	197	100	497	100

Source: Primary data

The interest rate problem faced by the entrepreneurs in the study area is shown in table 7 of the total entrepreneurs (497) in the study area, 56.34 percent of the respondents are facing the problem of high rate of interest, 22.54 percent of the entrepreneurs are facing the problem of too high rate of interest, 21.13 percent of these entrepreneurs are feeling the rate of interest is justified. The rate of interest is also a problem for them.

LEGAL AND PROCEDURAL FORMALITIES TO BE OBSERVED IN GETTING A BANK.

A study "Problems of small industries in Andrapradesh" has found that there is a delay in the disbursement of the loans due to the existence of procedural delays and instances of tangible securities.

Legal and Procedural Formalities are the important elements in any business function. In the opinion of the entrepreneurs about the legal and procedural formalities to be followed in getting a bank for the loan are many and very strict. Table 8 shows that the legal and procedural; formalities to be observed in getting bank. Usually the applicant entrepreneurs should suggest their nearby banker.

Table 8. Legal and Procedural Formalities to be observed in Getting a Bank

Opinion of the Entrepreneurs	Industry Sector		Trade and Service		Total	
	No of Entrepreneurs	%	No of Entrepreneurs	%	No of Entrepreneurs	%
Simple	15	5	44	22.34	59	11.88
Complicated	178	59.33	99	50.25	277	55.73
Rigid	107	35.67	54	27.41	161	32.39
Total	300	100	197	100	497	100

Source: Primary data

Table 8 clearly exhibits the opinion the entrepreneurs related to the legal and procedural. Formalities to be observed in getting a bank by the entrepreneurs in the study area, of the total entrepreneurs (497) in the study area, majority (n=277), 55.73 percent of the entrepreneurs opine that they had to complete very complicated legal and procedural formalities in getting bank for loans. (n=161), 32.39 percent of them exhibits the opinion that the formalities are very rigid. The remaining (n=59) 11.88 percent respondents say the formalities are simple. Therefore it is also considered as a main problem faced by entrepreneurs.

PROBLEMS OF ENTREPRENEURS (FRIED MAN'S RANK)

Table 9. Problems of Entrepreneurs

Problems of Entrepreneurs	Fried Man's Mean Value	Fried Man's Rank
Adequacy of Credit facilities	4.40	6
Time limit	4.59	3
Marketing problems	4.41	5
Follow up assistance	4.57	4
Lack of Education	4.35	8
Repayment	4.66	1
Rate of Interest	4.37	7
Legal & Procedural Formalities	4.65	2

Source: Primary data

Table 8 reveals that repayment is the major problem of Entrepreneurs and the second important is legal & procedural formalities, since those variables occupies the first and second ranks, whereas the last two ranks seventh and eighth are occupied by rate of interest

and lack of education respectively. As per the negative impact of these problems in their business it has been ranked by the respondents.

SUGGESTIONS

Based on the findings of the study and the personal conceptions the researcher has given the following suggestions. It provides

- Suggestions to DIC
- Suggestions to the Entrepreneurs

SUGGESTION TO DIC

- ❖ The various formalities and document to be produced are the great problems regarding Government institutions. DIC is not an exception to this. All these rules may be little bit liberalized, that may enable to increase the number of entrepreneurs in the districts. The credit facilities and subsidy allowed may be adequate for the entrepreneurs for their venture. It will help them to sustain in the field successfully.
- ❖ Assistance in all fields needed in the process of entrepreneurship must be provided to the entrepreneurs.
- ❖ DIC must make arrangements for the purchase of scarce raw materials and machineries to the entrepreneurs, which will be of great help to them.

SUGGESTION TO THE ENTREPRENEURS

The entrepreneurs should also consider certain points which the DIC officials felt as constraints against them.

- ❖ The entrepreneurs, after getting the loans, must realize their responsibility of repayment. They must confirm, they remit the installments correctly taking as their unwritten duty.
- ❖ The entrepreneurs should not misuse the assistances received from the DIC.
- ❖ The entrepreneurs should take this DIC loan as a boon and be thankful to the DIC. That intention can alone make them work hard and enhance their earnings and to repay the loans.

CONCLUSION

Thus the researcher has analysed the problems of selected entrepreneurs, (n=497) in Kanyakumari district. The entrepreneurs have expressed their problems during the process of their entrepreneurship. The researcher, based on all these problems, has given many valuable and practicable suggestions. On the following of such suggestions, the researcher is very confident that the problems will be of no more. And also DIC plays a vital role in entrepreneurship development in the study area.

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