



## ROLE OF DISTRICT INDUSTRIES CENTRE (DIC'S) IN ENTREPRENEURSHIP DEVELOPMENT IN MICRO ENTERPRISES IN KERALA

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**Abstract:** Over the past five decades, the Micro Small and Medium Enterprises (MSME) has emerged as a vibrant and dynamic segment of the Indian economy. In MSME sector, majority i.e. 98% is accounted for by micro enterprises. They contribute significantly to the large scale employment, especially in the rural and backward areas with limited investment and also provides the opportunities for entrepreneurship in the country. Despite being a fully literate state, Kerala faces unemployment, especially educated unemployment and rural unemployment. Although the state government is adopting various development policies and support measures for their upliftment, unfortunately most of the stimulus packages and policy packages do not reach them. In such a situation, a detailed study addressing the entrepreneurship development is the need of the hour. The findings of the study may help policy makers to formulate appropriate measures to address the issues and ensure their safety and security. The objective of the study is to assess the opinion of entrepreneurs regarding various assistance provided by DICs(District Industries centre) for the entrepreneurship development of micro enterprises in Kerala and the findings reveals that DIC's assistance seems to be more beneficial to manufacturing units than service units in terms of entrepreneurship development.

**Index terms:** MSME, microenterprises, entrepreneurship development, District Industries Centre, unemployment, assistance

### 1.INTRODUCTION

In MSME sector, micro enterprises are considered as the key sector because they play a significant role in a country's economic growth. In a state like Kerala, micro enterprises have played a major role in tackling the unemployment of educated people. From the entrepreneur's point of view, they usually do not get enough support and motivation from the community to start a new business. This was an important reason for the state to move to the lower rankings. Therefore, the Central and State Governments contributed effective schemes and policies as part of the promotion of entrepreneurship (Arrakal, 2016).

A country's growth is mainly connected with its industrial development. This can be achieved through the entrepreneurs in the country, that industrial growth is driven. Only skilled and also risk taking entrepreneurs can lead to the growth of more enterprises and thereby ensure industrial growth. Therefore, entrepreneurial growth is essential and can only be brought about through proper training. It helps entrepreneurs to improve their skills and knowledge. This process can be called entrepreneurship development. An individual emphasizes the concept of entrepreneurial development when he wants to start his own business venture. But a good percentage of entrepreneurs do not have a proper understanding or knowledge of the business they are going to start, its potential, its marketing, finance, its legal and other aspects. It is for these reasons that most business ventures failed and the challenge facing those who are about to become entrepreneurs today.

Recognizing the importance of industry and entrepreneurship, the government, has taken steps to promote them. As a part of it, District Industrial Centres have come into existence. The concept of District Industrial Centre was popularized in India through the 1977 Industrial Policy Statement (Hameed, 2003). The DIC Program was launched on May1, 1978 with the objective of providing an integrated administrative framework at the district level for the upliftment of small-scale industries in rural areas. District Industrial Centres (DICs) provide full support to entrepreneurs who want to start their own businesses locally and locally. DIC is the implementation

arm of the Central and State Governments for various projects and programs. Funding for the establishment of DICs in a State is provided equally by the Special State Government and the Central Government. DIC was set up to provide an integrated administrative framework at the district level for the industrial upliftment of Kerala. To start micro, small and medium enterprises the District Industrial Centre is a district level institution which provides all the services and support facilities required by an entrepreneur for identification of suitable projects, preparation of feasibility reports, arrangement of credit facilities, machinery and equipment, distribution of raw materials and development of industrial clusters. The Directorate of Industry and Commerce directs and manages the 14 District Industrial Centres in Kerala. The main objective of the Directorate is to act as a facilitator for the industrial upliftment and sustainability of MSMEs in the traditional industrial sector. The Directorate of Industries and Commerce acts as a nodal agency for the timely implementation of various industrial activities in line with state standards. Their main responsibilities were to promote / sponsor, register, finance and advise MSMEs in the State.

However, the Government has introduced the Rural Industrial Plan and the Rural Handicrafts Scheme to bring about the phased industrial development of the rural and backward areas. These programs have only partial results. The main reasons are the inability of the various agencies operating at the district level to provide necessary assistance to existing and potential entrepreneurs in setting up industrial units. Although the government understands the importance of micro enterprises and takes steps to promote them, there are many factors that hinder the growth and development of the micro business sector. Entrepreneurs also have an important role to play in contributing to the growth of the country. However, the fact is that they face a lot of problems and challenges. But some entrepreneurs fail to address these issues. Hence it is therefore imperative for an entrepreneur to have the ability to anticipate the problems and challenges that lie ahead and be prepared to face them.

### Review of Literature

Deepa (2017) the paper made an in-depth study on the role of entrepreneurship development under the MSME sector in Kerala for women's empowerment and to analyse the effectiveness of the government schemes in the contribution of entrepreneurship development. The study covers schemes like TREAD, MSME-CDP, CGS, CGT-MSME, EDP, and ESDP. The findings show that training was tentative in all the schemes under MSME sector. It also points out the problems faced by the women entrepreneur were lack of finance, lack of marketing efficiency and lack of awareness etc.

Mathew (2012) the thesis titled „A study of the role of MSME DI in the development of MSME in Kerala” tries to examine the role of development institutes in promoting entrepreneurship in the small scale industries. The study result depicts that the development institutes provides various training programmes like technical training, awareness classes, workshops etc. and entrepreneurs were satisfied in getting these trainings and these programmes were helps to develop their entrepreneurship growth.

Hultman & Oghazi (2017) study titled “Small business and entrepreneurship: their role in economic and social development. The study points out that entrepreneurs establish strategies to link resources and growth across cultures, regulatory frameworks, economic conditions, and political situations that change from one place to the next, according to the study. They must devise methods that will, in the end, tackle key economic and social difficulties, therefore improving the quality of life in the region in which they are situated

Balaji, Reddy & Sowmya (2017) the paper is an attempt to illustrate the role of district industrial centres in entrepreneurship development in Andhra Pradesh. The researcher commented that the government program gives better results compared to previous programs in creating self-employment. He suggested that DICs should make more efforts to provide advice and help entrepreneurs to start, operate and develop industries effectively.

### Significance of the study

Micro enterprises are considered to be the trademark of the Indian economy. When compared to the small and medium enterprises, micro enterprises have high potentiality in creating employment opportunities and hence they add value to the local economy. Though the micro enterprises play a major role in the economic stability, they are always subjected to several crises. Although the government understands this situation and takes the required steps and it is regrettable that they are not always carried out properly. This greatly creates issues for the micro enterprises and hinders entrepreneurial growth. In this context, a detailed study addressing the extent to which assistance of the DIC in enhancing their entrepreneurship development is the need of the hour. Such insights can assist policy makers in framing appropriate measures to address their concerns and obstacles, which will ensure greater safety and security in this field. This type of activity not only retains the existing entrepreneurs but also attracts new entrepreneurs including the younger generation to the sector and revives the entrepreneurial culture of Kerala.

### Objectives of the study

The broad objective of the study is to analyse the entrepreneurship development in micro enterprises in Kerala. Hence,

- To assess the opinion of entrepreneurs regarding various assistance provided by DICs for the entrepreneurship development of micro enterprises in Kerala.

### Hypotheses

In view of the above objectives the following hypothesis is framed

H<sub>0</sub>: There is no significant difference in entrepreneur's perception regarding various assistance provided by DIC between manufacturing and service micro enterprises in Kerala.

H<sub>1</sub>: There is significant difference in entrepreneur's perception regarding various assistance provided by DIC between manufacturing and service micro enterprises in Kerala.

## Research Methodology

This study is a descriptive and analytical research based on survey method. Even though both primary and secondary data were used for the study, primary data was more extensively used for studying the extent to which the DIC's contribution in their entrepreneurship development. The study relies heavily on primary data gathered through a well-designed questionnaire and open discussion with entrepreneurs in micro enterprises and the secondary data were gathered from various publications and journals, articles, newspapers, websites etc. population of the study consists of 1,29, 207 micro enterprises registered in the District Industries Centers in Kerala. A total of 399 units were selected proportionately from each district using systematic sampling method. Thus 118 units from the northern region, 155 units from the central region and 126 units from southern region constitute the final sample of the study. Systematic sampling method is used for the selection of the samples for the study.

## Results and Discussions

Discriminant analysis tool was used to analyse the DIC's assistance in enhancing the entrepreneurship of micro enterprises. A null hypothesis was introduced to test the perception of entrepreneurs regarding the assistance provided by DIC between manufacturing and service micro enterprises in Kerala.

H<sub>0</sub>: There is no significant difference in perception regarding various assistance provided by DIC between manufacturing and service micro enterprises in Kerala.

### Test of equality of group means based on the assistance provided by DIC for entrepreneurship development in micro enterprises in Kerala

Assistance of DIC	Wilks' Lambda	F	df1	df2	Sig.
DIC's Entrepreneurial Development Programs enhance my managerial ability to run the business unit.	.971	11.840	1	397	.001
Training programs, workshops, seminars and awareness classes organized by DIC are accurately informed and conducted effectively.	.967	13.520	1	397	.000
Services such as licenses, NOCs and clearances provided through DIC's single window system facilitate the smooth operation of my business unit.	.999	.206	1	397	.651
The assistance provided by DIC in preparing the project report helps in obtaining the required financial assistance from the banks.	.981	7.488	1	397	.006
Timely processing of applications by DIC facilitates proper operation of my business unit.	.979	8.551	1	397	.004
Marketing assistance and promotional support increase sales of the unit.	.934	27.923	1	397	.000
DIC helped in developing business idea and given necessary information for starting the business.	.986	5.576	1	397	.019
DIC takes necessary steps to refer the project report of the unit to banks for obtaining the necessary financial assistance, subsidies, incentives, etc.	.983	6.928	1	397	.009
DIC provides basic infrastructural assistance such as power connection, machinery fixation and plot allocation to facilitate efficient operation of the unit.	.900	43.967	1	397	.000
Getting the right guidance, advice, support and encouragement from DIC builds the courage to take risks and builds confidence in doing business.	.981	7.660	1	397	.006
Conducting motivational campaigns which enhance the confidence in doing business.	.972	11.612	1	397	.001

Source: Primary data

It can be realized that test of equality of group means shows that the statistical significance of the difference in perception regarding various assistance provided by DIC between manufacturing and service micro enterprises in Kerala. The p value of the statements such as entrepreneurial development programs enhance managerial ability (p value-.001), training programs, workshops, seminars and awareness

classes are notified on time and conducted effectively (p value -0.000), services such as licenses, NOCs and clearances provided through DIC's single window system facilitate the smooth operation of my business unit (p value-.651), assistance in preparing the project report helps in obtaining the required financial assistance from the banks (p value-.006), timely processing of applications (p value-.004), developing business idea and given necessary information for starting business (p value-.019), takes necessary steps to refer the project report of the unit to banks for obtaining the necessary financial assistance, subsidies, incentives etc. (p value-.009), provides basic infrastructural assistance such as power connection, machinery fixation and plot allocation to facilitate efficient operation of the unit. (p value -.000), getting the right guidance, advice, support and encouragement provides risk-taking as well as confidence to do business (p value-.006), conducting motivational campaigns which enhance the confidence in doing business (p value-.001). With respect to these statements except single window system, the p values are lower than 5% significance level. Hence the null hypothesis is rejected with respect to these statements and inferred that there is significant difference in the perception regarding the assistance provided by DIC between manufacturing and service micro enterprises in Kerala.

From the result it is clear that entrepreneurs in manufacturing enterprises had expressed positive comments regarding the assistance of DIC in entrepreneurship development such as like entrepreneurial development programmes, training programmes, workshops, seminars, awareness classes organized them, preparing the project report, timely processing of applications, providing marketing assistance and promotional support, developing business ideas and given necessary information for starting the business, referring the project report to banks for getting financial assistance, provides basic infrastructural assistance, providing right guidance, advice, support and encouragement, conducting motivational campaigns but entrepreneurs in service enterprises showed an adverse opinion regarding these assistance provided by DIC .

#### Wilks' Lambda- Assistance of DIC for entrepreneurship development in manufacturing and service micro enterprises in Kerala

Test of Function(s)	Wilks' Lambda	Chi-square	Df	Sig.
1	.853	62.200	11	.000

Wilk's Lambda, a multivariate statistics to test the canonical correlation, confirms with the statistical value 0.853 that 85% of variance in the DIC's assistance in the entrepreneurship development in manufacturing and service enterprises. In the table the score function 1 is .853, i.e. 85.3 percent of the DICs assistance for entrepreneurship development in manufacturing and service enterprises. The chi-square value 62.200 and the p value <0 .001 indicates that there is significant association in the assistance of DIC for manufacturing and service enterprises in the entrepreneurship development.

#### Standardized Canonical Discriminant Function Coefficients- DICs Assistance for entrepreneurship development in manufacturing enterprises

DIC assistance - manufacturing micro enterprises	Function	Rank
DIC's Entrepreneurial Development Programs enhance my managerial ability to run the business unit.	.630	2
Training programs, workshops, seminars and awareness classes organized by DIC are accurately informed and conducted effectively.	.251	4
The assistance provided by DIC in preparing the project report helps in obtaining the required financial assistance from the banks.	.285	3
Marketing assistance and promotional support increases sales of the unit.	.042	6
DIC provides basic infrastructural assistance such as power connection, machinery fixation and plot allocation to facilitate efficient operation of the unit.	1.074	1
Getting the right guidance, advice, support and encouragement from DIC builds the courage to take risks and builds confidence in doing business.	.221	5

Source: Primary data

Standardized Canonical Discriminant Function Coefficient describes opinion of entrepreneurs in manufacturing enterprises regarding the DIC's assistance in entrepreneurship development. Here all the positive function coefficient represents DIC's assistance in developing entrepreneurship in manufacturing enterprises. According to the opinion of entrepreneurs the leading factor which enhance entrepreneurship is the infrastructural assistance such as power connection, machinery fixation and plot allocation to facilitate efficient operation of the unit (1.074) obtained the highest score, followed by DIC's Entrepreneurial Development Programs enhance my managerial ability to run the business unit. (.630), Training programs, workshops, seminars and awareness classes organized by DIC are

accurately informed and conducted effectively (.251), getting the right guidance, advice, support and encouragement from DIC builds the courage to take risks and builds confidence in doing business. (.221), and marketing assistance and promotional support increase sales of the unit (.042).

### Standardized Canonical Discriminant Function Coefficients - DICs Assistance for entrepreneurship development in service micro enterprises in Kerala

DIC assistance-Service micro enterprises	Function	Rank
Services such as licenses, NOCs and clearances provided through DIC's single window system facilitate the smooth operation of business unit.	-.461	5
Timely processing of applications by DIC facilitates proper operation of business unit.	-.186	1
DIC helped in developing business idea and given necessary information for starting the business.	-.375	3
DIC takes necessary steps to refer the project report of the unit to banks for obtaining the necessary financial assistance, subsidies, incentives, etc.	-.426	4
Conducting motivational campaigns which enhance the confidence in doing business.	-.357	2

Source: Primary data

The above table represents the Standardized Canonical Discriminant Function Coefficient, the entrepreneurs in service micro enterprises comment that among the assistance from DIC in developing the entrepreneurship obtained a high score for Timely processing of applications by DIC facilitates proper operation of business unit (-.186), conducting motivational campaigns which enhance the confidence in doing business followed by timely processing of applications (-.357), DIC helped in developing business idea and given necessary information for starting the business (-.375), DIC takes necessary steps to refer the project report of the unit to banks for obtaining the necessary financial assistance, subsidies, incentives, etc. (-.426), and services such as licenses, NOCs and clearances provided through DIC's single window system facilitate the smooth operation of business unit (-.461). Hence, among the DIC's assistance, basic infrastructural assistance such as power connection, machinery fixation and plot allocation to facilitate efficient operation of the unit with a coefficient of 1.074 has the highest explanatory power and services such as licenses, NOCs and clearances provided through DIC's single window system with a coefficient of -.461 has the least explanatory power.

### Functions at Group Centroids

Nature of Business	Function
	1
Manufacturing	.353
Service	-.485

Unstandardized canonical discriminant functions evaluated at group means

The functions at group centroids indicates the group mean of the discriminant function scores, that shows a positive co-efficient for manufacturing enterprises with a group mean of .353 and -.485 for service enterprises.

### Findings of the study

The analysis on the role of DIC in enhancing the entrepreneurial culture in entrepreneurs in micro enterprises in Kerala, makes it clear that the entrepreneurs in the manufacturing enterprises had positively commented on the role of DIC's assistance which helps in developing their entrepreneurship but entrepreneurs in service enterprises are not much satisfied in the assistance of DIC and they have an adverse opinion on that. This means that DICs have made a positive influence on the entrepreneurial development of entrepreneurs in manufacturing enterprises through the various assistance. Hence it can be sum up that the opinion of entrepreneurs in micro enterprises that DIC's assistance helps to nurture the entrepreneurship in manufacturing enterprises than in service enterprises. The statistical significance of the difference in perception regarding the various assistance provided by DIC between manufacturing and service micro enterprises in Kerala, the result shows that both manufacturing and service entrepreneurs have similar opinion that the services like getting license, NOC, clearance certificates etc. provided through single window system is quite effective and this helps in their smooth conduct of business. But in the rest of the assistance the entrepreneurs in manufacturing and service enterprises have a different opinion. Entrepreneurs in manufacturing enterprises have a favourable opinion in getting the assistance and regarding the entrepreneurial development programmes.

## Conclusion

Micro enterprises are in the forefront of opening the door to more job opportunities than just achieving economic growth. The industrial climate in Kerala has changed, and people are becoming more and more interested in becoming entrepreneurs. The central and state governments are pursuing a variety of promotional and support measures, the number of registered units is still relatively low. The fact is that the central and the state government are bringing in various supportive measures as a part of the development of micro enterprises. But these are often not getting to the right people and this will significantly affect the industrial development. As a result, the government should pay greater attention to the fulfillment of pledges and goals, as well as how they are carried out. The state need individuals who have the desire and passion to be more than just a source of money. The only way for businesses to expand is to think out of the box. This can be furthered by enlisting the help of the younger generation. So that, there is opportunity for more young people will be exposed to entrepreneurship, and this notion will be implemented via them. As a result, society and government must work together to encourage micro enterprises and advance them forward effectively in order to assure the state's progress.

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