

ROLE OF DISTRICT INDUSTRIES CENTRE IN DEVELOPING SMALL-SCALE INDUSTRIAL UNITS IN ODISHA

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Abstract

Small-scale Industry is labour intensive and free from hazards. The development of these units facilitates an effective mobilisation of resources which are untapped. The District Industries Centres (DICs) play a crucial role in each district for the development of small-scale units. The small-scale industrial units which provide a lot of benefits to the economic growth of the country face many problems in the current scenario. District Industries Centres do not provide ample opportunities to the new entrants in planning and developing these units in the district. Hence the present study is conducted to examine the role of District Industries Centre in developing Small-scale Industrial units in Odisha. The District Industries Centres play an important role in developing small-scale units in rural and urban areas. This study will help the DIC and the entrepreneurs to develop a good rapport between them. It helps the government to understand the real status of the existing and new entrepreneurs.

Key Words: Industries, Developing, Employment, Governments, DICs

1. INTRODUCTION

Small-scale Industrial Units are indispensable to the industrial growth and economic development of any country. This sector has over the years developed as an important constituent of the Indian economy in terms of its share in employment, output and exports. It has also made significant contribution to the advancement of rural and backward areas. Many incentives are provided both by the Central and State Governments to accelerate the growth of small-scale industrial units and to protect them from the onslaught of the large-scale sector. The District Industries Centre (DIC) plays a pivotal role in each district to serve as the focal point for the development of small-scale units. In India, Small-Scale Industry evokes different meanings for different agencies. The small-scale industry always aims to produce consumer goods and to ensure the maximum utilisation of local resources. Odisha plays a significant role in encouraging and developing the SSI units in various ways. The performance of the SSI units in Odisha stood in a better position because of the continuous encouragement given by the Government of Odisha in the form of power subsidy, capital subsidy, and financial support.

2. REVIEW OF LITERATURE

A. Ragurama (2005) in his article entitled "Globalisation and challenges for small scale sector in India" highlighted that SSI units are experiencing the impact of globalisation by way of increase in competition in the domestic market, when they expand their market operations in wider areas. N. Rajendran (2005) in his article entitled "Global challenges to smallscale industries" stated that small-scale industrial units have to be prepared to improve their technology, skills, credit supply, infrastructure, marketing technique, labour laws, and testing facilities with a view to meet the global challenges created by the large multinational industrial units. Sumangala B. Naik (2005) in her article entitled "WTO and SSI sector" stated that both Central and State Governments have to frame policies to encourage the growth of small units by providing the required finance, concessions, infrastructure and market facilities for their products and educate them on technology upgradation and changes in the business environment. N. Umarani (2007) in her article entitled "Export

potential of SSIs in India: A Study”, highlighted that Capital Subsidy Scheme given to the SSI for technology upgradation must be liberalised with a view to help them to adopt the technology of their choice to avoid industrial sickness. Alternative sources of finance such as venture capital, factoring and equity should be promoted to safeguard them from a great fall. The various studies in the review have analysed small-scale industries including development, management, incentives, export, impact of Globalisation, problems, and so on. The role, schemes and effectiveness of the District Industries Centre have been studied.

3. OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

- To examine the opinions of the employees of small-scale industrial units in Odisha regarding the developmental assistance provided by the District Industries Centre.
- To examine the opinions of the employees regarding the role of District Industries Centre in promoting the Small-Scale Industry in Odisha.

4. METHODOLOGY

This present study is based on both primary and secondary data. In this study, an attempt is made to analyse the opinion of the employees of the SSI units on the role of the DIC in developing the SSI units in Odisha. For this purpose, a survey was conducted from among 180 employees of the SSI units by using a e-questionnaire. In this study, the opinions of the officials of the DIC, entrepreneurs and employees of the small-scale industrial units on the role of the District Industries Centre have been analysed by using statistical tools such as percentage analysis, ANOVA, Chi-square test and weighted average. Graphs such as bar and pie diagrams and multiple bar diagrams are also used to give a clear picture of the information.

5. DATA ANALYSIS

A. ENCOURAGEMENT BY THE DIC TO NEW ENTREPRENEURS

The DIC encourages the potential entrepreneurs to form small enterprises especially in rural and semi-urban areas by using surplus labour, scarce capital and underutilised natural resources. The government provides subsidies and incentives to start new units in these areas. It also arranges financial assistance from the various financial institutions. New entrepreneurs can start these units with less of capital when the SSI units are profitable. Table 1 shows the opinion of the employees on the encouragement for new entrepreneurs to enter the business field.

Table 1: Encouragement of the DIC for New Entrepreneurs

Sl.No.	Entry of Entrepreneurs	No. of Respondents	Percent
1	Yes	65	36.1
2	No	115	63.9
	Total	180	100.0

It is clear from Table 1 that among the sample respondents, 65 (36.1%) respondents opined that there has been encouragement by the DIC to the new entrepreneurs for starting the SSI units. The remaining 115 (63.9%) respondents stated that there has been no encouragement. Nearly two-thirds of the respondents (63.9%) expressed that there has been no encouragement by the DIC to the entrepreneurs for starting the SSI units.

B. TRAINING AFTER RECRUITMENT

Training to the employees of the SSI units is essential both for increasing the productivity and for reducing wastages and accidents. After the selection of the employees the SSI conducts training programmes for the employees for enhancing the job-related skills and knowledge. Table 2 shows the opinion of the respondents relating to the training given to them after their recruitment.

Table 2 Training after Recruitment

Sl.No.	Opinion about the Training after recruitment	No. of Respondents	Percent
1	Yes	153	85.0
2	No	27	15.0
	Total	180	100.0

It is clear from the Table 5.10 that of the total number of respondents 153 (85%) stated that the employees are given training after recruitment, 27 (15%) respondents said that the employees are not given training.

C. TRAINING GIVEN BY THE AUTHORITIES

The employees are given training by the entrepreneurs or they are sent to training institutes like the Small Industries Extension Training Institute, the National Small Industries Corporation, and the Small Industries Development Organisation to improve their skill. Table 3 shows the training given by the authorities to the employees.

Table 3 Training given by the Authorities

Sl.No.	Opinion about the Training given by the authorities	No. of Respondents	Percent
1	Entrepreneurs	105	68.6
2	The DIC	0	0
3	Others	48	31.4
	Total	180	100.0

It is clear from the survey that 105 (68.60%) respondents get training under their entrepreneurs and 48 (31.40%) from other sources. It is known that the DIC does not give training to the employees of the entrepreneurs. More than two-fourths of the respondents (68.60%) state that the training is given only by their entrepreneurs. Hence, the DIC can also extend its services to the employees of the SSIs apart from the training given by the entrepreneurs.

D. ROLE OF THE DIC IN RAISING FUNDS FOR THE SSI UNITS

One of the primary functions of the DIC is to arrange funds for the developmental activities of the SSI units. The opinions of the employees are collected on whether the DIC helps the SSI units in raising funds. Table 4 highlights the opinion of the respondents regarding the DIC's help to raise funds.

Table 4: Role of the DIC in Raising Funds

Sl.No.	Raising of Funds	No. of Respondents	Percent
1	The DIC helps	146	81.1
2	The DIC does not help	34	18.9
	Total	180	100.0

It is clearly understood from Table 4 that 146 (81.1%) respondents opine that the DIC helps the SSI units in raising funds and 34 (18.9%) respondents state that the DIC does not help the SSI units in raising funds. More than four-fifths of the respondents (81.1%) state that the DIC gives a helping hand to the SSI entrepreneurs to avail of the financial assistance. Figure 5.3 elucidates the raising of funds.

ANALYSIS OF VARIANCE

The Analysis of Variance is applied to test the significance of the variation between the age groups of employees and their opinion, experience and their opinion on the role of the DIC in developing the SSI units. The following hypotheses are framed for the purpose of analysis.

6. HYPOTHESES

1. The opinion with regard to recruitment methods followed by the SSI units does not vary with the age group of the employees at 5 per cent.

2. The opinion with regard to the training given to the employees does not vary with the experience of the employees at 5 per cent.

The One-way classification model is used to analyse the significance of variation between the variances. The steps in carrying out the analysis of variance are:

Step 1 - Calculating the Variance between Samples

Step 2 - Calculating the Variance within Samples

Step 3 - Calculating 'F' Ratio =
$$\frac{\text{Variance between Samples}}{\text{Variance with the Samples}}$$

Step 4 - Compare the calculated value of 'F' with the table value of 'F' at the 5 per cent level of significance.

For testing the significance of variation, 'F' value is calculated. The calculated value of 'F' is compared with the table value of 'F' located from 'F' table for the desired level of significance, on the given degrees of freedom. If the calculated value is less than the table value of 'F', the hypothesis is accepted. In case the calculated value exceeds the table value, the hypothesis is rejected. For the purpose of this analysis, the 5 per cent level of significance is adopted.

A. Age Group of the Respondents and their Opinion on the Recruitment Methods of Employees by the SSI Units

When the right employees are selected for the right jobs it is assumed that the quality of the production, improves the survival of business units are well planned. The DIC insists the SSI units provide job for local employees. This is verified by conducting for ANOVA. The employees of the SSI units belong to different age groups. The opinions of respondents on the recruitment methods of employees vary depending on their age group. Hence an attempt has been made to analyse whether there is any significant variations between the age group of the employees and their opinion on the methods of recruitment employed by the SSI units. Table 6 shows the age-wise classification of the employees and their opinion on the methods of recruitment.

Table : Age and Methods of Recruitment

Sl. No.	Age Group of the Respondents	Employee Referrals	Recommendation	Advertisement	Total
1	Below 30 Years	8	11	3	22
2	30 to 40 Years	31	30	2	63
3	40 to 50 Years	56	20	1	77
4	Above 50 Years	15	2	1	18
	Total	110	63	7	180

From Table 5, it is clear that of the total 22 respondents who belong to the age group of below 30 years, eight feel that the employees are selected by the employee referrals method, 11 feel that the employees are recruited by the recommendation method and three respondents feel that the employees are selected by the advertisement method. Of the total 63 respondents who belong to the age group of between 30 and 40 years, 31 feel that the employees are selected by employee referrals and 30 feel that the recommendation method is adopted and two respondents feel that advertisement method is followed. Of the total 77 respondents belonging to the age group of between 40 and 50 years, 56 feel that employee referrals method is followed, 20 state that the recommendation method is followed, and one respondent feels that the advertisement method is adopted. Of the total 18 respondents belonging to the age group of above 50 years, 15 state that the employee referrals method is adopted, two respondents feel that the recommendation method is followed and one respondent feels that the advertisement method is adopted. In order to ascertain whether there is any significant variation between the age group of the respondents and their opinion on the recruitment methods of employees in the SSI units, a test of Analysis of Variance is calculated.

Table-6 Analysis of Variance Table

Sl.No.	Sources of Variation	Sum of Squares	D.F.	Mean Squares
1	Between samples	1,329.5	2	664.75
2	Within samples	12,088.5	9	1,343.17

The calculated value of F (0.495) is less than the Table value (4.26). Hence it is accepted that there is no significant variation between the age group of the employees and the methods of recruitment followed by the entrepreneurs of the SSI units.

B. Experience of the Employees and their Opinion on Training Given by Their Entrepreneur

Experience and training of the employees are interrelated. Both bring better cost control in the organisation which is essential for the profit maximisation for any SSI units. The employees of the SSI units have different years of experience like below 10 years, between 10 and 20 years and between 20 and 30 years. Hence, an attempt has been made to analyse whether there is any significant variation between experience of the employees and their opinion on the training given by their entrepreneurs. Table 8 shows the experience of the employees and their opinion on the training given by the SSI units.

Table 7: Experience and Opinion about Training

Sl. No.	Years of Experience	Helps to Increase Production	Dislocate them Schedule	Total
1	Below 10 Years	23	7	30
2	10 to 20 Years	75	21	96
3	20 to 30 Years	42	12	54
	Total	140	40	180

It is seen from Table 7 that of the total 30 respondents who have work experience of below 10 years, 23 state that the training given to the employees by their entrepreneurs helps to increase production and seven respondents state that training changes the organisational plan of the units. Of the total 96 respondents who have work experience of 10 to 20 years, 75 respondents state that training given to the employees by their entrepreneurs helps to increase production and 21 respondents feel that the training changes the organisational plan. Of the total 54 respondents who have work experience of 20 to 30 years, 42 state that the training given to the employees helps to increase production and 12 respondents feel that training dislocates the schedule of production of their entrepreneurs.

Table 8: Analysis of Variance Table

Sl.No.	Sources of Variation	Sum of Squares	D.F.	Mean Squares
1	Between samples	1,666.66	1	1,666.66
2	Within samples	14,133.34	4	3,533.33

The calculated value of F (0.472) is less than the Table value (7.71). Hence, it is accepted that there is no significant variation between experience and the opinion on training given to the employees.

7. CONCLUSION

The DIC suggests various programmes to promote and sustain the SSI units such as regular supply of raw material, recruiting employees from the local area, providing proper guidelines to the new and existing entrepreneurs for getting funds for their business, providing adequate salary and the like. An attempt has been made to analyse the opinions of the 180 SSI employees on the role of the DIC in developing the SSI units in Odisha, a Survey was conducted among the employees using a questionnaire. Nearly two-thirds (63.9%) of the respondents feel that there is no encouragement by the DIC for starting SSI units. More than four-fifths (81.1%) of the respondent's state that the DIC gives a helping hand to the SSI entrepreneurs to avail the government sponsored financial assistance. The respondents opined that the opening of branches of the District Industries Centre in all the eleven blocks helps them to speed up their service to the entrepreneurs. Most of the respondents said that the training programme to the entrepreneurs conducted by the DIC is effective. All the respondents have claimed that the trained entrepreneurs started many businesses comparing with untrained entrepreneurs. Majority of the respondents have suggested that

small units could be developed by developing industrial parks. In the context of the functioning of the DIC the respondents positively reacted that the functioning is up to their expectation in many cases and admirable in certain specific cases. Training makes a man perfect. The DIC introduces different schemes for the entrepreneurs. It conducts motivation and training programmes for them. These programmes bring into light new technologies and make them familiar. Normally these training campaigns are given to the new entrepreneurs only. The DIC should also give this training to the existing entrepreneurs and to their employees.

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