

**A PERSPECTIVE INSIGHT INTO THE DEVELOPMENT
OF ENTREPRENEURSHIP IN INDUSTRIAL ESTATES
WITH SPECIAL REFERENCE TO MADURAI DISTRICT**

Synopsis of the thesis submitted to Madurai Kamaraj University for the
Award of the Degree of
DOCTOR OF PHILOSOPHY IN ECONOMICS

Researcher

B. NITHYABALA

(Reg.No: F9331)

Research Supervisor

Dr.S.IVY JENO, M.A., M.Phil. B.Ed., Ph.D.,

Associate Professor, Research Centre of Economics

Fatima College,

Madurai – 18



**MADURAI KAMARAJ UNIVERSITY
MADURAI 625 021
TAMIL NADU
INDIA**

JANUARY 2020

SYNOPSIS

A PERSPECTIVE INSIGHT INTO THE DEVELOPMENT OF ENTREPRENEURSHIP IN INDUSTRIAL ESTATES WITH SPECIAL REFERENCE TO MADURAI DISTRICT

INTRODUCTION

The belief that 'Real Progress' must ultimately depend on Industrialization has rightly been remarked by Jawaharlal Nehru. It has been incredibly substantiated by almost the entire nation of the developing world over, without increased industrial production their main objective of growth with welfare cannot be achieved.

Industrialization is the steel vein of growth and welfare. Industry as the secondary sector generates national income, and contributes significantly to the process of economic development. Though agriculture will continue to dominate the composition of gross domestic products in the developing countries, they have to grow with the accelerated economic development in the developing world. Industrialization gears up an economy to run more productively, allowing more goods to be produced and more labor freed up to improve the economy still more.

One of the factors inhibiting industrialization of under developed countries is the social deterrent, while others being economic, administrative and international factors. Industrialization is not merely a technological revolution, but a social transformation too. Industrialization in the least developed countries in the early stages followed the western industrialization pattern. High rate of population growth, mass illiteracy, low per capita income, paucity of capital, prevalence of caste system have been the obvious research that hamper the development of entrepreneurship in Industrial Estates.

Entrepreneurship development can be enhanced through motivating individuals who have an urge to make a start and expand a business. This can be

achieved by improving entrepreneurial skill and knowledge through systematic structured training and institution building programmes. This gears up employment generation and economic development.

Factionalism and lack of entrepreneurial ability are the major social deterrents that hamper industrialization of a nation. Generally, due to the rigidity of the social system like the caste syndrome in India, there is a general lack of occupations which represents a considerable barrier to the industrial development.

The problem of entrepreneurial shortage as it affects the growth of industry in the less developed countries would seem to have two mutually reinforcing aspects. Full-fledged focus, support and assistance to the entrepreneurs in versatile domains should be offered to the core by the small industrial development corporation.

The economic environment not generally conducive to the emergence and training of the persons will, likely to prove successful in initiating industrial activities.

Even if there was a good supply of such persons, their task as industrial entrepreneurs in a pre-industry economy would tend to be an extremely difficult one. The Governments of the many developing nations have taken upon themselves the task of starting new industries, providing technical education including training of managerial personnel etc., Besides, the Governments also play a predominant role in promoting the industrial activities particularly in the development of industrially backward areas through incentives like granting concessional finance, providing infrastructural facilities, supplying essential raw-materials, extension activities, and fiscal incentives etc., All the state Governments in India, usually through their state Industrial development corporations have setup agencies for such infrastructural development. The Andhra Pradesh Infrastructure Corporation, West Bengal Infrastructure

Development of Corporation, Tamil Nadu Small Industries Development Corporation (TNSIDCO) and State Industries Promotion Corporation of Tamil Nadu (SIPCOT) are some of the state agencies promoting industrial development.

A major impediment to the development of small scale industries in India is the absence of Infrastructure facilities which has led many entrepreneurs to drop the idea of starting an industry.

A common form, with such activities usually assume is the building- up of industrial estates where industrial sheds with all facilities are offered on rental or hire purchase basis to intending entrepreneurs. Industrial estates are regarded as the most efficient economic instruments in promoting entrepreneurial development in small scale industries, especially, in the rural and the economically backward areas. The industrial estate programme was launched in 1955 in India. Locating an industry in the estate many enable the units to get raw material without difficulty and the dispose of the finished goods within the estate and thereby reducing the cost of transportation. The modern industrial estates are constructed with efficient effluent plants and pollution control measures at heavy cost and hence the problem of pollution is also solved.

STATEMENT OF THE PROBLEM

A major bottleneck for the development of small scale industry in India is the absence of infrastructural facilities. An entrepreneur has to spend a considerable portion of his capital towards construction of buildings and for making arrangements for the infrastructure facilities. The Government of India has started the industrial estates programme in the year 1955 to solve these problems.

Madurai is the second biggest city in Tamil Nadu, next to Chennai. But the face of industrial development in this district is slow. Because, the majority of the people depend upon agriculture for their livelihood which is the major barrier for

the industrial development. The central and the state Government have notified this district as a potential district and so have provided various subsidies and incentives to develop entrepreneurship. Many Government agencies have been established to achieve this goal.

In Madurai, the Tamil Nadu Small industries development corporation ltd., (TNSIDCO) has established two industrial estates. A private industrial estate has also been established at Urangampatti with the assistance of SIDCO. Despite these efforts, many industrial units in these estates are not functioning well. Hence, an adhoc survey of working of the industrial estates with reference to their role in the development of entrepreneurship is carried out.

This study aims at identifying the factors influencing the development of entrepreneurship and to assess how for the functioning of the industrial estates are favorable for its development in this district. So, the researcher is inspired to make a research on **“A PERSPECTIVE INSIGHT INTO THE DEVELOPMENT OF ENTREPRENEURSHIP IN INDUSTRIAL ESTATES WITH SPECIAL REFERENCE TO MADURAI DISTRICT”**.

OBJECTIVES OF THE STUDY

- To analyse growth and development of industrial entrepreneurship effected through SIDCO industrial estates operating in Madurai District.
- To examine growth and development of industrial enterprises situated at industrial estates in Madurai District.
- To identify and analyze factors those motivate industrial entrepreneurs to venture into industrial enterprises.
- To assess the opinion of entrepreneurs towards the services of industrial estates in Madurai District
- To compare economic status of industrial entrepreneurs before and after initiating industrial enterprises at industrial estates in Madurai District

- To enlist problems faced by industrial entrepreneurs of industrial estates in Madurai district.
- To suggest way-forward towards enhancing services of industrial estates towards entrepreneurial development in Madurai District.

SCOPE OF THE STUDY

This study will be of immense use for the policy makers and administrators engaged in the development of the small scale industrial sector in the southern districts of Tamil Nadu. This study may also be of optimum use to the academic fraternity engaged in the state's industrial development. This study may also be useful for the interested entrepreneur who may like to make a foray into the realm of small sector industries. This study may also be of good use for any lay reader who may be interested in browsing into the specifics of the small scale industries sector development in Madurai.

HYPOTHESES

1. Education of entrepreneurs does not significantly influence the level of opinion on SIDCO and its services.
2. There is no significant difference between the monthly income of industrial entrepreneurs before and after starting the industrial enterprise.
3. There is no significant difference between the monthly savings of industrial entrepreneurs before and after starting the industrial enterprise.
4. There is no significant difference in asset holdings of industrial entrepreneurs before and after starting the industrial enterprise.
5. There is no significant difference in percentage average fixed, working and total capital of industrial entrepreneurs before and after starting the industrial enterprise.
6. There is no significant difference in percentage average employment generation before and after starting the industrial enterprise.

METHODOLOGY

This chapter attempts to discuss the methodology adopted for the study. Further it describes the profile of the study area. This section describes the methodology adopted in the present study which includes the choice of the collection of data, the period of study and the tools of analysis.

Choice of the study area

Madurai district in Tamil Nadu is one of the districts, blessed with good basic infrastructural facilities and resources, which could contribute to the development of industrial entrepreneurs. Since Madurai district has five industrial estates comprising of diversified industrial domain, the researcher has evinced interest in selecting Madurai district as the study area.

Sample Design

For the present study, stratified random sampling technique has been adopted in the process of selection of sample small units which were located within the industrial estates of Madurai. For the purpose of selecting sample units in the industrial estates, information available in the S.S.I Directory published by the SIDCO, at Madurai has been used extensively.

The researcher has approached all the industrial units in all the five industrial estates namely K.Pudur, Kappular, Uranganpatti, Madurai Auto-mobile Co-Operative Industry, and Electric and Electrical Industrial Estates at Kappular administer interview schedule and enlisted responses from the respondents. Out of 2921 registered units in 5 industrial estates comprised of 7 types of industries, 300 units with the respective entrepreneur have been selected as sample respondents. Hence, the sample strength has been worked out to 10.3 percent of the total industrial units (universe).

Collection of Data

The present study is based on the primary as well as the secondary data. The personal interview method has been adopted for collecting primary data from the sample respondents. For this, a well-designed and pre-tested interview schedule has been prepared to enable the collection of the information required for the study by the researcher. Further, the researcher has held preliminary discussions with the officials of the District Industries Centre and a few well informed entrepreneurs of the small-scale industrial units registered with the DIC, Madurai. In the light of the information gathered, the researcher has prepared the interview schedule. A pilot study has been conducted and on the basis of the experience gained, the final schedule has been drafted

The secondary data has been collected from the published as well as the unpublished reports, Hand books, Action plans and pamphlets of the office of the directorate of industries and commerce, Chennai, District Industries centre, Madurai, Madurai District Tiny and Small Scale Industries Association (MADITSSIA) and such other sources.

Period of Study

The field survey has been conducted during the period between **July 2018 and December 2018** for the purpose of collecting the primary data. Secondary data was collected and analysed for a period from **2004-05 to 2017- 2018**.

Tools of analysis

The collected data have been carefully processed and analyzed, to find out the growth of the industrial entrepreneurs of industrial estates, employment, investment and number of units. In order to study and analyze the objective of the study, the following statistical tools have been used.

The first and the foremost objective of the study are “to examine the development of entrepreneurship in industrial estates in terms of number of units,

employment, investment, and production capacity. They are analysed with the Method of least square and compound growth rate (CGR). This method of least square is used to fit a linear trend line for the growth of entrepreneurial development in Madurai district.

't' values of the estimate are worked out to test the level of significance. The co-efficient of determination namely R^2 is calculated to know the explaining power of the model.

Percentage analysis is one of the statistical tools, which is widely used in analysis and interpretation of primary data.

The researcher has adopted weighted average method to rank the general problems faced by the industrial entrepreneurs. The researcher has used the five point rating scale for each feature. Each scale was given a score starting from five to one.

To study the factors that influenced the respondents in selecting the problems, the six factors were framed; the score were given for each factor. The intensity value was calculated.

This technique has been used in the opinion of industrial entrepreneurs. The Level of agreement technique is calculated.

If the level of agreement is greater than 50 percent, the variable is concerned with the result significantly in the favourable opinion. The level of agreement technique is calculated with the help of Liker's five point scaling technique.

Mathematically, the factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of underlying factors. The amount of variance is described in terms of a small number of common factors plus a unique factor for each variable. The factor

analysis is used to analyse the factor that is motivated to choose food based small scale industries.

The chi-square tests are an important non-parametric test and no rigid assumptions are necessary in respect of the type of population. The chi-square in the present study has been used as a test of independence.

In order to examine the significant difference in variables, namely fixed, working, and total capital, employment generation, and utilization of capacity in industrial enterprises before and after SIDCO's assistance, 'Z' test was used.

The sixth objective of the study is "to recognize the problems faced by the industrial entrepreneurs of industrial estates in Madurai district" the researcher has used garret ranking technique.

LAYOUT OF THE STUDY

The present study is entitled "**A PERSPECTIVE INSIGHT INTO THE DEVELOPMENT OF ENTREPRENEURSHIP IN INDUSTRIAL ESTATES WITH SPECIAL REFERENCE TO MADURAI DISTRICT**".

The **FIRST CHAPTER "Introduction"** introduces the subject, brief history of Industrial estates, Governmental agencies and schemes on entrepreneurial development and details of industrial entrepreneurs in Tamil Nadu in general and particularly the district of Madurai. Besides, objectives of the study, statement of the problem, scope of the study, limitation of the study and the lay out the study have also been included.

The **SECOND CHAPTER** deals with the Review of the past work done in this field, methodology adopted and profile of the study area.

In the **THIRD CHAPTER** an attempt has been made to discuss the Growth and performance of industrial estates in Madurai district.

The **FOURTH CHAPTER** analyses the profile of selected entrepreneurs and their industrial enterprises.

The **FIFTH CHAPTER** discusses the **impact of industrial estates on development of selected industrial entrepreneurs and industrial enterprises.** It analyses the factors which motivate them to start and establish their unit in Madurai district, economic elevation attained by the entrepreneurs after starting an enterprise, the enterprise growth before and after registering with SIDCO in industrial estates, attitude of the respondents towards the service of SIDCO in industrial estate and analyzing the problems encountered by the entrepreneurs.

The **SIXTH CHAPTER**, the last chapter in nutshell provides the results, inferences arrived as a result of analysis made in the previous chapters and offer some suitable suggestions based on the findings of the study.
