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A comparative study on the promotion of village and PMRY units by DICS (selected districts – Guntur and Prakasam districts in Andhra Pradesh)

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Abstract

Micro enterprises, village and PMRY (Prime Minister's Rozgar Yozana) units, have been given a place of primacy in all the industrial policies. Consequently, the growth of the marginal sector in several aspects like performance, growth rate, credit flow and exports is tremendous in all the years except a few years. Hence, the Government of India from time to time has bestowed many incentives to this sector understanding the socio-economic needs of the needs of the nation. But still there exists a large gap between the needs of the small entrepreneurs and the provisions given to them as identified by the Task Force on MSMEs (Micro, Small and Medium Enterprises).

With focus on the evaluation of policies and the thrust areas of the marginal sector during the post-liberalisation period, it is planned to make an in-depth study of the role played by DICs in the changing industrial scenario in promotion of the sector. The marginal units need special attention from the governmental agencies particularly from a nodal agency like DIC. In the background of the DIC programme in the country in Andhra Pradesh, it is intended to study the ground level situation in two selected districts of Andhra Pradesh, Guntur, an industrially advanced district and Prakasam, an industrially and economically backward district on the coastal part of the state. The comparative study has been undertaken on the entrepreneurs belonging to village industries and PMRY units to trace out the differences in the promotional efforts of DICs in the two districts. The study covers the nature and scale of their activity, entrepreneurial backdrop, financial position of the enterprise, and the role played by the DICs in their development, etc. Herewith an attempt is made to collect the data from the respondents regarding the role played by the selected DICs in rendering the services to the sample units. The performance of DICs services, viz., project report preparation, forwarding the units for financial assistance, organizing training programmes, providing technical assistance, and offering single window services, are ranked according to the opinions of the respondents.

Keywords: micro enterprises, marginal units, district industries centre (DIC), SME sector

1. Introduction

District Industries Centre is an organisational innovation introduced in 1978 to provide single window services for all categories of existing and prospective entrepreneurs. With the support of Government of India, the programme contents of DICs have been continuously modified to cope up with the challenges faced by the marginal sector.

The comprehensive policy package announced by the Hon'ble Prime Minister for small and tiny sectors, and subsequent follow up measures announced from time to time are aimed at enhancing the competitiveness in small and micro enterprises to withstand competition at home and abroad. In order to accelerate the growth of micro enterprises and to facilitate greater degree of dispersal, certain strategies like cluster development, growth centres and export potential can be accentuated. In this regard, the role played by promotional institutions like DIC, District Industries Centre, act as catalyst in their development. Hence there exists a dire need to study the performance of DICs on various aspects micro enterprises.

Khadi and Village Industries Commission (KVIC) has given a formal definition for village industries covered under its programmes. As per the definition finalized in KVIC Amendment Act, 2006, any industry in a rural area, village or town, with population not exceeding 20,000 and per capita investment of a full time artisan or worker in fixed assets excluding land, not exceeding Rs. 1 lakh is considered as a village industry. In respect of hilly areas, per capita Fixed investment limit it has been raised to Rs. 1.5 lakh.

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2. Review of literature

Padamanand, V., and Mukesh Gulati (2006) [12] described the cluster development philosophy and strategies for micro, small and medium enterprises (MSMEs) in their treatise. This handbook fills a perceived gap in the available body of documented knowledge on the development of industrial clusters. It provides a detailed exposition on various interventionary instruments. It also presents tools to strengthen industry associations, and also facilitate effective business development services (BDS) to SMEs on various fronts. Institute of Small Enterprises and Development (ISED), Kochi (Kerala) in its publication (2010) [12] discussed a wide range of areas on MSMEs in India in recent years in the global context. The sector has played an important role in minimising the impact of recession on the Indian economy in the context of global meltdown. The report focuses on current problems and recent developments in the SME sector nationally and globally. The report recommends cluster approach, regional blocks, free trade agreements, green business policy, single person promoted company and single brand retailing etc.

Lakshmana Rao and Rathnam (1986) [4] studied the performance of District Industries Centre in the context of rural industrialisation based on the secondary data in Visakhapatnam district. In the study, they used simple percentage for data analyses and concluded that the DIC programme in principle is an excellent tool for rural industrialisation and for ensuring growth of the decentralized sector. They emphasized the need for increasing the efforts to promote artisan entrepreneurship. Shyamsunder Naidu, N., (1987) [10] made an attempt using primary data to evaluate critically the performance of the DIC, Chittoor district and compared to its objectives with special focus on rural industries and growth of small and tiny enterprises. He observed that the DIC is not staffed and equipped adequately. He concluded that the performance of the DIC is not satisfactory and it is not able to coordinate properly with other relevant institutions. Rama Rao, A., (1987) [8] studied the progress of Gramodaya Scheme in Guntur district as a part of DIC programme. The study is based on secondary data. He concluded that there was concentration of small-scale industrial units more in towns than in rural areas, and that agro-based units had high capital-labour ratio compared to non-agro based industries. He has also pointed out that DICs failed to supply adequate quantum of credit to artisans and they are not able to supervise self-employment schemes including Gramodaya properly.

Nagayya, D., and P. Tirumala Rao, (2010) [5] state that MSMEs with their dynamism, flexibility and innovative spirit have been adapting themselves to the fast changing needs of the market driven economy. Cluster development, export potential and value added product lines can be the directions for fostering speedy growth.

It is obvious from the review that the research on DICs was mostly concentrated at macro level and there are very few studies on the role of DICs in the promotion of tiny sector in the districts and the role of DICs in the promotion of village industries and PMRY units is not much attempted.

3. Objectives of the study

1. To analyse the working of micro units and the role played by DIC and other agencies in the industrial promotion and implementation of various programmes in the selected districts.
2. To make a comparative study on the performance of DICs and other institutions in the implementation of the self-employment scheme, PMRY, in the two selected districts

in Andhra Pradesh.

3. To bring out necessary suggestions on the effective execution of policies and programmes.

4. Methodology

It is planned to study the ground level situation in two districts of Andhra Pradesh to discern the implementation and performance of the DIC programme using primary sources of data collection. Further, the two districts are selected in such a way, one is an industrially advanced district, Guntur, and the second is relatively an industrially and economically backward district, Prakasam, to bring out a comparative analysis regarding the operations and working of DICs towards the industrial progress of districts; and to make pertinent suggestions in the policy changes

5. Statistical techniques used

As the study is aimed at ascertaining the prospects and problems of village industries and PMRY units in the selected districts, the researcher has personally approached and collected the filled in questionnaires from them. In all about the data from a sample of 200 micro units, 100 from each district, are collected to examine the role played by DIC and other institutions.

The data collected from various sources is analysed using relevant statistical techniques. The statistical measures include percentages, averages, compounding annual growth rate, co-efficient of correlation and χ^2 test, etc., are used wherever necessary and results are interpreted. Some of these are shown below:

$$1. \text{ Chi-Square} = \chi^2 = \sum \left[\frac{(O-E)^2}{E} \right]$$

$$2. \text{ Co-efficient of Correlation} = \gamma = \frac{\frac{\sum xy}{n} - \left(\frac{\sum x}{n} \right) \left(\frac{\sum y}{n} \right)}{\sqrt{\left[\frac{\sum x^2}{n} - \left(\frac{\sum x}{n} \right)^2 \right] \left[\frac{\sum y^2}{n} - \left(\frac{\sum y}{n} \right)^2 \right]}}$$

$$3. \text{ Compounding Annual Growth Rate} = S = A (1+r)^n$$

The chi-square test is employed to measure association between the two attributes, like the impact of factors on the districts. Co-efficient of correlation is used to find the relationship between the two variables like data relating to Guntur district and Prakasam district in the study. Further, CAGR is applied to measure the growth tendency during the period of time.

6. Period of study

The period selected for the study is the post-liberalisation from 1998 to 2008, as during this period, many significant changes have taken place in the industrial policies relating to small and tiny sectors. However, an attempt is made to incorporate and cover the policy changes in industrial promotion both at the national level and also at the state level and related issues as latest as possible.

7. Limitations of the study

There are certain limitations to the present study which are given as under.

1. The districts taken up for the study include Guntur and Prakasam, which are located side by side hence certain similarities and overlappings, may occur.

- The study is limited to selected village industries and PMRY units in these districts.
- The study is also limited by time and cost factors.

Due care has been taken by the researcher to overcome the impact of above limitations on the present study such that quality of the present work is not affected in any manner.

8. Data analysis based on the opinions of the respondents on the performance of DICs

A study has been undertaken on the entrepreneurs belonging to village industries and PMRY units. The purpose of studying them is to highlight the role of DICs in the selected districts in

promoting these units due to their socio-economic significance. The study covers the nature and scale of their activity, entrepreneurial backdrop, financial position of the enterprise, and the role played by the DICs in their development, etc.

8.1 Classification of the Enterprises by Nature of Activity

The activities performed by the sample units are divided by three categories, industry, service and business. The details pertaining to classification of sample units according to the nature of the activity is given in the following table. It endeavors to state the significant products handled by the sample units.

Table 1: Classification of Enterprises by Nature of Activity

Nature of activity	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Industry: Village Industries PMRY units	50	50	50	50	100	50
Service: Village Industries PMRY units	20	20	10	10	30	15
Business: Village Industries PMRY units	30	30	40	40	70	35
Total	100	100	100	100	200	100

It can be realized from the above table that all units belong to village industries are engaged in manufacturing in both the districts. In Guntur district, the enterprises produce goods like bricks, dhoopsticks, flower wase glasses, silver items, sarees and dress materials, etc. Whereas in Prakasam district, the industrial units manufacture handloom products like sarees, lungis and towels, agarbathis and packaged drinking water, etc. Understandably, all these units are labour-intensive and skill-intensive.

In the case of PMRY units, the sample enterprises are spread into both business (trading) and service organizations. In Guntur district, the concentration of PMRY units is nearly one-third in business activity and it is upto one-fifth of the sample in service activity. Business activity includes fancy shops, grocery outlets, metal stores and electronic traders. Service activity consists of TV and automobile repair mechanics and travel auto rickshaws. Whereas, business units constitute 40per cent and service organizations form 10 per cent of the PMRY sample units in Prakasam district. The former consists of outlets dealing with textile, grocery, fancy and cycle parts; and the latter deals with automobile

mechanics and washing laundries.

8.1.1 It may be concluded from the analysis

- All the units of village industries are engaged in manufacturing activity and still confined to traditional items. Whereas the composition of service activity is slowly increasing in PMRY units.
- District wise analysis reveals that although village industries in both the districts deal with manufacturing, products are different. The service units consist of 20 per cent of the sample in Guntur district, whereas they constitute only 10 per cent of the sample units in Prakasam district. The composition of service sector in PMRY units manifests the difference in level of economic development in the two districts.

8.2 Classification of the sample units by sales volume

Herewith an attempt is made to classify the size of the enterprises based on their average sales volumes into five categories. The particulars relating to sales volume of the sample units is mentioned hereunder.

Table 2: Classification of Enterprises by Sales Volume

Sales Volume (Rs. Per annum)	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Below 1,00,000	20	20	20	20	40	20
Above 1,00,000 – 4,00,000	30	30	30	30	60	30
Above 4,00,000 – 7,00,000	30	30	30	30	60	30
Above 7,00,000 – 10,00,000	20	20	Nil	Nil	20	10
Above 10,00,000	Nil	Nil	20	20	20	10
Total	100	100	100	100	200	100

It can be realized from the above table. The sales volume of the sample units in both the districts is almost similar, except enterprises of higher turnovers. The units belong to the categories of Rs. 1,00,000 – 4,00,000 and Rs. 4,00,000 – 7,00,000 occupy approximately two-thirds of the total sample with a proportion of nearly one-third each in both the districts. The enterprises with a sales volume of less than Rs. 1,00,000 bear one-fifth in the two districts. Whereas the sample units in the category of 7,00,000 – 10,00,000 are having one-fifth share in Guntur district and enterprises with more than Rs. 10,00,000 are not present in this district. Further, there are no firms with Rs. 7,00,000 – 10,00,000 turnover in Prakasam district, and

the sample units belong to the category of above Rs. 10,00,000 comprise one-fifth of the sample in the district.

8.2.1 The following conclusions can be drawn

- In total units, the enterprises belong to the categories of Rs. 1,00,000 – 4,00,000 and Rs. 4,00,000 – 7,00,000 constitute a lion's share of the sample. They are followed by the enterprises having turnover of less than Rs. 1, 00, 000.
- Both the districts are having similar distribution of the sample units, except the enterprises belong to the higher categories.

8.3 Classification of entrepreneurs by social group

Social group plays a dominant role in building up contacts, relationships and financial support which are essential for development of entrepreneurship. The details related to the social group of the entrepreneurs in both the districts are mentioned below. It enables to find out the development of various social groups in the two districts, and the relationship between entrepreneurship and social class in each district.

Table 3: Classification of Entrepreneurs by Social Group

Social Group	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
OC	58	58	38	38	96	48
OBC	37	37	59	59	96	48
SC	4	4	3	3	7	3.5
ST	1	1	Nil	Nil	1	0.5
Total	100	100	100	100	200	100

It can be understood from the above table that in Guntur district, the entrepreneurs belong to the OC group are large in number with a proportion of more than half of the sample followed by the OBC group. The other two segments, SC and ST, are insignificant. Whereas, in the case of Prakasam district the entrepreneurs belong to OBC group are dominating with more than half of the sample and the proportion of OC group is restricted to 38 per cent. The other two groups are very less. Since the coefficient of correlation is 0.8115, there is high a degree of correlation between the respondents Guntur and Prakasam districts regarding their social groups.

8.3.1 The following conclusions can be drawn from the analysis

1. In total units, entrepreneurs belong to OC and OBC groups are leading than the other social groups, viz., SC and ST.
2. District wise analysis reveals that entrepreneurs belong to OC group are leading in Guntur district. While the entrepreneurs of OBC group are larger in Prakasam district. It all happens partly due to prevalence of family occupation in those areas like proliferation of weavers sections in Prakasam district.

8.4 Classification of Entrepreneurs by Family Background

Family background plays an imperative role in entrepreneurial development by way of endowing character, environment and business tactics. The information relating to the family background of the entrepreneurs is furnished beneath. The particulars of family background are divided into four sectors, viz., business, industry, services and agriculture.

Table 4: Classification of Entrepreneurs by Family Background

Family Background	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Business	40	40	30	30	70	35
Industry	30	30	20	20	50	25
Services	10	10	-	-	10	5
Agriculture	20	20	50	50	70	35
Total	100	100	100	100	200	100

It can be stated that the entrepreneurs whose parents are already involved in business and industrial activities are known as second generation entrepreneurs. Whereas the others are first generation entrepreneurs, i.e., their parents are engaged in agriculture and service, etc. It is evident from the above table that a little over two-thirds of the entrepreneurs

belong to the category of second generation and others consists of only one-third, first generation, in Guntur district. On the other hand, first generation and second generation entrepreneurs are equal in proportion in Prakasam district. It shows the stage of development of the districts. Thus there are significant differences in the two districts as far as family background of the entrepreneurs is concerned.

8.4.1 It can be interpreted from the above analysis

1. Out of total units, second generation entrepreneurs are well ahead of the first generation entrepreneurs. Whereas the later constitutes only 40 per cent of the total units.
2. District wise analysis reveals that the second generation entrepreneurs are dominating in Guntur district, whereas the first generation entrepreneurs are more in Prakasam district. It reflects the stage of development of the districts. It shows the stage of development of the districts. Since Guntur district is developed where entrepreneurship is well-developed. Whereas Prakasam district is an emerging district, hence people are transforming from other occupations to industry and business due to the availability of opportunities.

8.5 Classification of the units by capital employed

Capital is an indispensable input necessary for formation and performance of any enterprise; it also indicates the size and scale of operations of the unit. The selected units divided into four categories depending on the capital employed. It includes land and buildings, machinery and equipment and also minimum working capital requirements. The information pertaining to capital employed by the units is given below.

Table 5: Details of Capital Employed

Capital Employed (Rs.)	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Less than 1,00,000	36	36	18	18	54	27
1, 00, 000 4, 00, 000	44	44	22	22	66	33
4,00,000 – 7,00,000	12	12	37	37	49	24.5
7,00,000 – 10,00,000	8	8	23	23	31	15.5
Total	100	100	100	100	200	100

According to it, majority of the sample units in Guntur district, a little over three-fourths belong to lower categories of investment. While a good number of the sample units in Prakasam district pertaining to higher strata of investment. Thus, there are significant differences between the enterprises of the two districts regarding the amount of capital employed.

8.5.1 It can be interpreted as follows

1. In total units, a good number of the units belong to the category of Rs. 1,00,000 – 4,00,000 capital employed followed by Rs. 4,00,000 – 7,00,000 class.
2. In Guntur district a majority of the units pertaining to lower strata of investment. Whereas higher classes of investment are popular in Prakasam district. It denotes that the size of the enterprises is larger in Prakasam district owing to their nature and scale of operations.

8.6 Classification of the Units by the Sources of Funds

The particulars concerning to the sources of funds, viz., private and institutional are mentioned below. It describes the availability and use of various sources funds by the sample units in the two districts.

Table 6: Classification of Units by Utilization of Sources of Funds

Sources	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Institutional Financing	80	80	60	60	140	70
Private Financing	20	20	40	40	60	30
Total	100	100	100	100	200	100
Subsidies	45	45	20	20	45	22.5

The table mentioned above reveals that in Guntur district a large majority, more than three-fourths, of the enterprise use institutional sources of financing and 20% of the units make use of private financing. The former include handloom units, manufacturers of silver items and fancy items and all PMRY units. In the case of Prakasam district, three-fifth of the units opted for institutional sources of financing and two-fifths of the units use private sources. The former comprise agabathi makers, automobile services, handloom units and packaged drinking water units and some PMRY units; whereas the latter consists of manufacturers of chudidars, lungis, and general stores, etc. It evinces the availability of institutional sources and matured entrepreneurial attitude in Guntur district compare to Prakasam district. Consequently, approximately half of the respondents availed subsidy in Guntur district, whereas less than one-fourth only could gain subsidy in Prakasam district. It happens because institutional financing is relatively more in Guntur district, so a large number of units in Guntur district got benefited by the way of subsidy than in Prakasam district.

Table 7: Classification of the Units based on Debt-Equity Ratio

Debtor-Equity Ratio	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Less than 1:2	20	20	10	10	30	15
1:2 to 1:1	40	40	20	20	60	30
1:1 to 2:1	20	20	40	40	60	30
Above 2:1	20	20	30	30	50	25
Total	100	100	100	100	200	100

It can be observed from the above table that more number of sample units in Guntur district, 40 per cent, belong to the moderate risk class, i.e., 1:2 to 1:1 debt-equity ratio and the other sample units are equally spread in the other classes. Whereas in Prakasam district a majority of the firms fall in the high risk classes, 40 per cent belong to the 2:1 ratio and 30 per cent relate to more than 2:1 ratio.

It can be interpreted in two ways. The sample units in Prakasam district are undertaking more risk than those of Guntur district. It shows the difference in the financial position and philosophies of the entrepreneurs in the two districts. On the other hand, it also indicates the growth opportunities available in Prakasam district. During the growth stage, the firms require more capital and they are able to earn rate of return greater than cost of debt. Hence they can borrow more debt capital and undertake risk. Thus there are significant differences in the financial practices of the respondents in the two districts.

8.7.1 It can be concluded

1. In total units, majority of units are spread equally between moderate and high risk classes. And the other groups are less significant.
2. In district wise analysis, more sample units in Guntur district belong to moderate risk class, whereas in Prakasam district larger number sample units fall in high risk class,

8.6.1 The following findings can be drawn from the above analysis

1. In total units, it is a healthy tendency that majority of the units are making use of institutional financing. The amount of units got benefited by subsidy are also worth mentioning.
2. However, more units are utilizing institutional sources of financing and subsidy facilities in Guntur district than in Prakasam district. It evinces the better availability of institutional sources and entrepreneurial attitude in Guntur district than Prakasam district.

8.7 Classification of the units based on debt-equity ratio

The data relating to the operation of debt-equity ratio by the selected units is presented in the following table. It is the ratio between debt and owners capital (Debt: Equity). It is a popular measure of mirroring the long-term financial slovenly of a firm. It reflects the relative claims of creditors and owners against the assets of the firm. The financial risk of a firm gets enhanced with the increasing proportion of debt in the capital structure. Firms having lower debt-equity ratio are less risky and vice versa. Herewith four types of ratios are mentioned. The first category of ratio, 1:2, is a conservative ratio that reflects very less risk on the part of the firm. The second ratio, i.e., 1:2 to 1:1 is a moderate ratio which is an optimum ratio to be followed by the firms for effective financial management. The other two ratios are aggressive ratios which project high risk nature of the enterprise.

i.e., the units in Prakasam district borrow more debt capital than those of Guntur district. It may be due to differences in financial position of the availability of growth opportunities in two districts.

8.8 Classification of units by equipment received from institutions

The issue is pertinent to village industries; therefore information is collected from them only. It reveals the particulars of units which received implements and equipments from the various institutions, viz., DIC, DRDA, specialised corporations like SC, ST, and BC Corporations.

Table 8: Classification of Units by Equipment received from Institutions

Institution supplied the equipment	Guntur		Prakasam		Total	
	No. of Units	%	No. of Units	%	No. of Units	%
DIC	Nil	Nil	Nil	Nil	Nil	Nil
DRDA	Nil	Nil	Nil	Nil	Nil	Nil
Specialized corporation	10	20	20	40	30	30
Own	40	80	30	60	70	70
Total	50	100	50	100	100	100

It can be realised from the above table that institutional Support in respect of implements and equipment supplied to

the sample units is different from Guntur district to Prakasam District. Specialized corporations supply equipment to the extent of 10 per cent of the sample units in Guntur district, whereas it is 20 per cent in Prakasam district. But the performance of DIC and DRDA is dismal in both the districts. Since the correlation coefficient value is 0.9098, there is higher correlation between the sample units Guntur and Prakasam districts regarding equipment received from institutions

8.8.1 The following findings can be drawn

1. The total sample units received institutional support in terms of equipment supplies in very limited, i.e., 30 per cent in both the districts. Moreover, the performance of DRDA and DIC in this regard is dismal in both districts.
2. The performance of specialized corporations, like SC, ST and BC Corporations, is better in Prakasam district compares to Guntur district.

8.9 Classification of the units by the role of DICS in project preparation

The performance of DIC services, viz., project report preparation, forwarding the units for financial assistance, organizing training programmes, providing technical assistance, and offering single window services, are ranked according to the opinions of the respondents. The ranking is given on a three point scale, good, moderate and poor. Some of the respondents did not provide any rank due to unawareness of such activities; they are categorized under ‘no response’. The same pattern is followed for tables from 8.9 to 8.16.

DICs assist the entrepreneurs in project preparation for the purpose of submission to financial institutions. The information pertaining to ranking of the performance of selected DICs in project preparation according to the respondents is presented as follows.

Table 9: Details of the Opinions the respondents on the Assistance of DICs in Project Preparation

Grade	Guntur		Prakasam		Total	
	No. of Units	Nil	No. of Units	Nil	No. of Units	Nil
Good	45	45	10	10	55	27.5
Moderate	25	25	38	38	63	31.5
Poor	Nil	Nil	10	10	10	5
No response	30	30	42	42	72	36
Total	100	100	100	100	200	100

It is evident from the above table that several entrepreneurs, 45 per cent, in Guntur district are satisfied with performance of DIC regarding project preparation and some of them have expressed it as moderate. While in Prakasam district, many of the respondents, nearly 40 per cent, rated it as moderate and a few of them rated it as either good or poor. However, a good member of entrepreneurs in both the districts did not respond for it. Thus there are significant differences between the opinions of respondents in the two districts.

Since the correlation coefficient value is 0.1639, there is negligible correlation between the opinions of the respondents of Guntur and Prakasam districts regarding the assistance of DICs in project preparation.

8.9.1 It can be concluded as follows

1. In total units, majority of the respondents are satisfied with the role of DICs concerning project preparation. But no response is registered from a significant number of entrepreneurs.

2. Many of the respondents in Guntur district have graded it as good whereas entrepreneurs of Prakasam district marked it as moderate.

8.10 Classification of the units by financial assistance

One of the basic responsibilities of the DICs is to forward the candidatures of potential entrepreneurs for financial assistance by institutions and banks. The information relating to grading of respondents’ opinions concerning the services of DIC towards forwarding of applications for financial assistance is described as follows.

Table 10: Details of Grading DICs Performance on Forwarding Applications for Financial Assistance

Grade	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Good	30	30	10	10	40	20
Moderate	25	25	48	48	73	36.5
Poor	25	25	27	27	52	26
No response	20	20	15	15	35	17.5
Total	100	100	100	100	200	100

According to the above table, the response of the entrepreneurs is almost equally distributed among the various grades in Guntur district. While, a good number of the respondents, approximately half, marked as moderate for the services of DICs in Prakasam district. Thus there are significant differences in the opinions of respondents in the two districts.

Since the correlation coefficient value -0.1207, there is a small negative correlation between the opinions of respondents of the two districts regarding the performance of DICs on forwarding applications for financial assistance.

8.10.1 It can be interpreted as follows

1. In total units, majority of the respondents are satisfied with the performance of DICs in forwarding applications for financial assistance. However, some of the entrepreneurs did not respond for it.
2. In district wise analysis, ranking of DIC performance is satisfactory in Guntur district. Whereas, moderate response is registered in Prakasam district.

8.11 Classification of entrepreneurs by training programme

DICs organize various training programmes for the development of entrepreneurial and technical skills of the potential entrepreneurs. The particulars of response of the selected entrepreneurs are registered in the following table.

Table 11: Details of Entrepreneurs’ Response on Training Programme of DIC\

Rank	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Good	7	7	10	10	17	8.5
Moderate	20	20	28	28	48	24
Poor	55	55	45	45	100	50
No response	18	18	17	17	35	17.5
Total	100	100	100	100	200	100

It can be noticed from the above table that the response of the entrepreneurs is very low towards the training programmes organized by DICs in both the districts. The same scenario repeats in the two districts with small differences.

Since the correlation coefficient value is 0.9571, there is a near to perfect correlation between the opinions of respondents of

the two districts regarding on the training programmes organized by DICs.

8.12 Classification of the units by technical assistance

The details pertaining to the response of the entrepreneurs towards technical assistance provided by the DICs in the selected districts are presented underneath.

Table 12: Details of Technical Assistance

Grade	Guntur		Prakasam		Total	
	No. of Units	Nil	No. of Units	Nil	No. of Units	Nil
Good	6	6	3	3	9	4.5
Moderate	20	20	16	16	36	18
Poor	58	58	72	72	130	65
No response	16	16	9	9	25	12.5
Total	100	100	100	100	200	100

It can be interpreted from the above table that a large number of units, nearly two-thirds, are dissatisfied with performance of DICs in the two districts regarding technical assistance provided by them. A smaller number of units registered moderate response. The same scenario repeats in both the districts. It shows the dismal performance of DICs on technical aspects.

Since the correlation coefficient value is 0.9939, there is almost perfect correlation between the opinions of the respondents of Guntur and Prakasam districts regarding technical assistance provided by DICs.

8.13 Classification of the entrepreneurs by operation of single window system

The information regarding the response of entrepreneurs on operation of single window system in two districts is furnished below.

Table 13: Details of Ranking on the Operation of Single Window System

Grade	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Nil
Good	20	20	32	32	52	26
Moderate	25	25	26	26	51	25.5
Poor	36	36	27	27	63	31.5
No response	19	19	15	15	34	17
Total	100	100	100	100	200	100

It is clear that a good number of the respondents in Guntur district are not happy with the single window programme operated by DIC in their district. Whereas a different scenario appears in Prakasam district in which approximately 58 per cent of the entrepreneurs are satisfied with single window system. Thus, there is a mixed response of entrepreneurs in two districts as far as single window system is concerned.

8.12.1 It can be concluded as

1. In total units, many of the respondents are satisfied with the operation of single window system
2. There is a difference of opinion in the two districts; many of the entrepreneurs in the Guntur district are not satisfied with the operation of single window system in their district. Whereas DIC in Prakasam district secured favourable response.

8.14 Classification of the Units based on Problems with DIC

Herewith an attempt is made to collect the data pertaining to

the problems faced by the entrepreneurs while they are dealing with DICs in their respective districts; it is presented in the following table.

Table 14: Details of the Problems faced with DIC

Nature of the problem	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Procedures	8	8	22	22	30	15
Corruption	22	22	41	41	63	31.5
Delay	53	53	16	16	69	34.5
No Response	17	17	21	21	38	19
Total	100	100	100	100	200	100

can be noticed from the above table that majority of the entrepreneurs in Guntur district have uttered that delay is a serious problem in DIC followed by corruption. Whereas a lot of respondents in Prakasam district solicited that corruption is a stern problem with their DIC followed by hefty procedures. Thus, there are significant differences in the problems of entrepreneurs between the two districts.

8.14.1 It can be interpreted as

1. In total units, most important problems of the entrepreneurs with DICs are delay and corruption.
2. The entrepreneurs in Guntur district quote that delay is a major problem, whereas corruption is regarded as a grave problem in Prakasam district.

8.15 Classification of the Entrepreneurs based on Future Plans

Future plans of the entrepreneurs reflect the growth prospects of the units as well as the district concerned. The data pertaining to the future plans of entrepreneurs is mentioned hereunder.

Table 15: Details of Future Plans of the Entrepreneurs

Future Plans	Guntur		Prakasam		Total	
	No. of Units	Per cent	No. of Units	Per cent	No. of Units	Per cent
Modernization	12	12	5	5	17	8.5
Expansion	43	43	15	15	58	29
Quality Improvement	9	9	33	33	42	21
Product line development	18	18	32	32	50	25
No plans	18	18	15	15	33	16.5
Total	100	100	100	100	200	100

It can be interpreted that a lot of entrepreneurs, in Guntur district, nearly 43 per cent, have the plans for expansion followed by product line development. While in Prakasam district, several entrepreneurs plan more for quality improvement and it is closely followed by product line development. Thus there are significant differences between the further plans of entrepreneurs in two districts. The entrepreneurs in Guntur district give priority to expansion plans; whereas quality improvement and product line development are selected by its counterpart. It states that the enterprises in Guntur district are in the growth stage; while in the case of Prakasam district the enterprises are matured, they are concentrating on further aspects.

9. SUM-UP

It can be observed from the above analysis that micro enterprises perform several important activities for the society. The ratio of employment to capital is very high, i.e., one person for less than a lakh. The socio-economic profile of the

entrepreneur, like social group and family background determine the nature and performance of the enterprise. The skills are acquired from ancestors and the enterprises adopt mostly traditional patterns. But in recent times, the educational levels of the entrepreneurs are raising and they are accepting certain modern practices in technology and working conditions. Here also, the performance of DICs and other promotional agencies is not satisfactory in project preparation, financial assistance, training and development, supply of equipment, technological and marketing support, etc.

Certain differences do exist in district-wise analysis; by and large the industries relating to micro enterprises are more in Prakasam district, viz., hand-loom, cashew, match-making, agarbathis and minerals, etc. The enterprises in Prakasam district are more resource-based whereas those are agro-based in Guntur district. The size of the enterprises and capital employed are larger in Prakasam district than those of Guntur district due to the nature and scale of operations, and growth opportunities. Marketing activity is also different, bulk of the units in Guntur district supply to major parties, while the entrepreneurs rely more on their own efforts in Prakasam district. However, the DIC in Guntur district fares better than that of Prakasam district regarding micro enterprises in comparative analysis.

The authorities can pursue certain sector-specific policies on innovation, research and development, quality assurance, aggressive marketing strategies, and export-led growth in labour intensive product lines keeping in view the distinct features of the marginal sector.

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