

**Growth of Entrepreneurship Development with reference to SME's in Cuddalore  
District**

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**Introduction**

The contribution of the Small and Medium Enterprises is very much important in the economic development of a country. Through increased production, they provide more employment opportunities. Small and Medium Enterprises play an important role in employment generation. Specifically, the contribution of those enterprises is remarkable in providing employment in the industrial segments ranging from the traditional rural handicrafts to upgraded technologies and bio technology oriented industrial units. Considering the importance of the Small and Medium Enterprises involving lesser capital investment and more employment opportunities, to increase and develop such enterprises, the "Small and Medium Enterprises Policy - 2008" has been announced and being effectively implemented.

**Statement of the problem**

Small and Medium Enterprises are playing a vital role in providing additional employment opportunities and removing regional imbalance in the country. Governments at the central level and state level have given much importance to the development of small and medium enterprises. More and more entrepreneurial development programmes were conducted by District Industries Centers, Banks and Non-governmental agencies to promote entrepreneurial spirit among educated, unemployed and women. Though more and more people are inspired to start a venture, the success rate is very low. Some people drop out at the implementation stage itself when the unit is facing rough weather.

The government has given sufficient incentives and subsidies to the development of small and medium enterprises. Cuddalore district is one of the backward areas in

industrial development. Even though the government has given sufficient incentives and subsidies to develop entrepreneurship in Cuddalore district, the success rate is very low.

The national evaluation study conducted by Entrepreneurship Development Institute of India puts the success rate at 28 per cent. A similar study conducted by SBI covering 104 EDP organized by the bank reported that out of the total number of 2,430 trainees who had undergone the programme, only 28 per cent were successful in starting their business activities.

The business ventures are started with the aim of growth and survival. Any form of enterprises level of growth is not uniform. In particular among Small and Medium Enterprises, the growth levels varies significantly due to nature and size of business. Therefore, studies on the level of growth are important.

As the growth levels varies significantly among Small and Medium Enterprises, it may be due to many factors. Such as Demographics factors, Social factors and Environmental factors are generally responsible for the sustainable growth and development of Small and Medium Enterprises. Hence, some of the above factors may influence the level of growth and development of Small and Medium Enterprises.

In this context, an attempt is made to investigate, what extent the SMEs has been developed during the study periods in Cuddalore district, what are factors affecting the developments of Small and Medium Enterprises and also what are problems faced by the entrepreneurs in the study area.

### **Objectives of the study**

1. To study an overview of entrepreneurial development in Cuddalore District.
2. To find out the levels of growth among Small and Medium Enterprises.
3. To identify the factors influencing the entrepreneurial development of Small and Medium Enterprises.
4. To assess the problems hindering the development of entrepreneurship and suggest suitable measures for their Small and Medium Enterprises development.

### **Methodology**

The study is based on both primary and secondary data. Primary data were collected by framing a schedule. Secondary data were collected from District Industries Centre, government published resources, books, journals and periodicals.

### **Sample Design**

The number of Small and Medium Enterprises industries have been extracted from the SMEs Register, District Industries Centre, Cuddalore. There are 6018 industrial units were registered from 2001-02 to 2010-11, of which 3006 units belongs to small scale sector and 3012 units were from medium scale sector, which are classified under eight categories. Out of 6018 units 300 units have been selected as sample by adopting proportionate stratified Random Sampling method for the present study, which constitute five per cent of the total population.

### **Tools for analysis**

The simple percentage, Average, Chi-square test, and Friedman ranking, were used to analyze the data.

### **Hypotheses**

‘There is no significant association between selected factors and growth of entrepreneurship in SMEs.’

### **Findings**

For measuring the growth of entrepreneurship in Cuddalore district in the light of the analysis of the data collected from the sample survey, the following eight components have been identified as the criteria for growth of entrepreneurship development.

1. Investment in Fixed Capital
2. Investment in Working Capital
3. Production Capacity Utilization
4. Value of Production
5. Values of Sales
6. Profits Earned
7. Subsidies and Incentives Enjoyed
8. Employment Generations

In the succeeding pages, each component of growth mentioned above has been analysed in detail and from the results obtained through such analysis, an attempt is made

to determine whether there has been real growth in entrepreneurship in the selected SMEs in the study area and if there has been consistency or fluctuation in the growth.

- It is noted from the study that the maximum growth of average amount of fixed capital is shown by Food products including Hotels units is 17.96 per cent followed by Textiles and Garments units is 16.10 per cent, Automobiles units 15.47 per cent, Wood Products units 14.61 per cent and Lather, Rubber, Paper and Printing Products is 13.81 per cent. Among the selected units service sectors registered less growth rate is 10.11 per cent.
- It is observed from the study that the maximum growth of average amount of working capital is shown by Lather, rubber, paper and printing products units 21.13 per cent followed by textiles and garments 16.23 per cent, wood products 16.12 per cent electrical and electronics 16.01per cent and services sectors units 15.33 per cent. Among the selected sectors Argo and animal husbandry sector registered less growth rate 13.76 per cent.
- It is observed from the analysis that the growth in the Automobiles units is the highest 15.01per cent with regard to the capacity utilization. This is followed by textiles and garments 14.11 per cent and food products including hotels 13.62 per cent. The least growth rate was seen in Services sectors 10.43 per cent.
- It is found from the analysis that the growth 14.70 per cent in the Lather, Rubber, Paper and Printing Products units is the highest with regard to the average production of goods and services. This is followed by Automobiles 13.67 per cent, Services Sectors 13.10 per cent, Electrical and Electronics 12.65 per cent and the least growth rate was seen in Wood Products industries 8.97 per cent.
- The overall annual growth rate is found to be 16.33 per cent for all the during the study period. It is observed from the analysis that the growth in the Argo and Animal Husbandry units 21.15 per cent is the highest with regard to the average production of goods and services. This is followed by Electrical and Electronics 17.61 per cent, Services Sectors 15.71 per cent, Textiles and Garments 14.71 per cent and the least growth rate were seen in Wood Products industries 9.87per cent.
- It is observed from the analysis that the growth in the Lather, Rubber, Paper and Printing Products units 14.91 per cent is the highest with regard to the average

production of goods and services. This is followed by textiles and garments 13.61 per cent, Argo and animal husbandry 13.19 per cent and food products including hotels 11.96 per cent and the least growth rate was seen in wood Products industries 8.71 per cent.

- It is noted from the study that the maximum growth of average amount of subsidies and incentives availed is shown by food products including hotels-units 16.18 per cent followed by Textiles and Garments 15.81per cent, Electrical and Electronics 15.09 per cent, Argo and Animal Husbandry 13.61 per cent. Among the selected sectors Lather, Rubber, Paper and Printing Products sector registered less growth rate 9.81 per cent.
- It is noted from the study that the maximum growth of average number of persons employed is shown by wood Products units 14.69 per cent followed by Food products including hotels 13.96 per cent, services sectors 12.56 per cent , lather, rubber, paper and printing products 12.12 per cent. Among the selected sectors Argo and Animal Husbandry sector registered less growth rate 9.65 per cent.

### Measurement of growth

The extent and level of growth of the sample units is measured by using the growth scale technique and the units classified as falling into low, medium and high-growth units. The mean score percentage for the sample units' fall within the range between 0 and 30 percent , the level of growth is taken as 'low', if the mean score percentage range from 31 to 60 percent, the size of growth is assumed to be medium. If the mean score percentage is above 60 percent, then the size of growth is taken to be high.

Industry in terms of the number of units in each group belonging to low, medium and high levels of growth is presented in following table.

**Table 1**  
**Size of growth of entrepreneurship in SMEs**

Group of industry	Level of Growth						Total No. of units
	Low		Medium		High		
	No	%	No	%	No	%	
Food products including Hotels	46	25.14	22	22.92	3	14.29	71
Textiles and Garments	19	10.38	8	8.33	5	23.81	32

Automobiles	9	4.92	3	3.13	1	4.77	13
Argo and Animal Husbandry	16	8.74	8	8.33	2	9.52	26
Electrical and Electronics	24	13.11	10	10.42	4	19.05	38
Lather, Rubber, Paper and Printing Products	14	7.65	15	15.63	1	4.76	30
Services	33	18.03	24	25.00	2	9.52	59
Wood Products	22	12.03	6	6.25	3	14.28	31
<b>Total</b>	<b>183</b>	<b>100</b>	<b>96</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>300</b>

Source: Primary data

Out of that 183 entrepreneurs, 61 per cent have registered a low level of growth, 32 per cent have a medium level of growth and the remaining seven per cent entrepreneurs a high level of growth. It is further observed that the maximum percentage of low level growth is among the food products including hotels 25.14 per cent. It is followed by services sectors 18.03 per cent, electrical and electronics unit's 13.11 per cent, the minimum percentage of low level growth is seen in Automobiles units 4.92 per cent.

With regard to the medium level of growth, the Services sectors have recorded the highest percentage 25 per cent, followed by food products including hotels 22.92 per cent, Lather, Rubber, Paper and Printing Products 15.63 per cent the minimum percentage of medium level growth is seen in automobiles units 3.13 per cent.

With regard to the high level of growth, the Textiles and Garments units registered the maximum percentage 23.81 per cent followed by electrical and electronics 19.05 per cent, Food products including hotels 14.29 per cent, wood products 14.28 per cent, the minimum percentage of high level growth is seen in Lather, Rubber, Paper and Printing Products 4.76 per cent.

## Conclusion

Peoples are willing to take up business and contribute to the nation's growth. This role is also being recognized and steps are being taken to promote entrepreneurship development. Entrepreneurship is solution for unemployment problem. Both educated and uneducated people are in a position to develop their own resources. As there is no age limit to enter into the business. All aged people could engage in entrepreneurship.

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