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# A STUDY ON GOVERNMENT ASSISTANCE FOR DEVELOPMENT OF SMALL MANUFACTURING ENTERPRISES IN COIMBATORE DISTRICT

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***Abstract***
*The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 26 million units, creating employment of about 60 million, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. The MSME sector comprises of 7.3 million manufacturing enterprises and 18.7 million service enterprises. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. The results show that majority of small manufacturing enterprises are strongly agreed with technical assistance is given to small manufacturing industrial enterprises by the Government to increase production, the small manufacturing enterprises are treated as priority sector by the Government to help them financially and the provision of long term and medium term loans by the Government are useful for their development. The results indicate that there is a significant difference between investment of small manufacturing enterprises and Government assistance, employment generation of small manufacturing enterprises and Government assistance and annual turnover of small manufacturing enterprises and Government assistance. The Central and State Governments must ensure the conducive and favourable external environment in order to capture the potentiality of small manufacturing enterprises through management of raw materials supply, infrastructure facilities and Government industrial policies.*

***Key Words: Government Assistance and Small Manufacturing Enterprises.***

## INTRODUCTION

The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 26 million units, creating employment of about 60 million, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. The MSME sector comprises of 7.3 million manufacturing enterprises and 18.7 million service enterprises. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the MSME sector which can help realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022. The labour to capital ratio in MSMEs and the overall growth in the sector is much higher than in the large industries. The geographic distribution of the MSMEs is also more even. Thus, MSMEs are important for the national objectives of growth with equity and inclusion (Ministry of Micro, Small and Medium Enterprises, GOI, 2015).

MSMEs in the country manufacture over 6,000 products. Some of the major sub sectors in terms of manufacturing output are food products (18.97%), textiles and readymade garments (14.05%), basic metal (8.81%), chemical and chemical products (7.55%), metal products (7.52%), machinery and equipments (6.35%), transport equipments (4.5%), rubber and plastic products (3.9%), furniture (2.62%), paper and paper products (2.03%) and leather and leather products (1.98%).

The importance and contribution of the SME sector to the economic growth and prosperity is well established. Towards this, Government's policy initiatives like enactment of the Micro Small and Medium Enterprises Development (MSMED) Act, 2006, pruning of reserved SSI list, advising Financial Institutions to increase their flow of credit to the SME sector, are all initiatives towards boosting entrepreneurship, investment and growth. Reservation of items for exclusive manufacture in MSME sector statutorily provided for in the Industries (Development and Regulation) Act, 1951, has been one of the important policy measures for promoting this sector.

The development of the micro, small and medium enterprises (MSMEs) sector is on the priority of Government Agenda. As per the Results-Framework Document (RFD) for Ministry of Micro, Small and Medium Enterprises, the Mission of the government is to – "Promote growth and development of globally competitive Micro, small and Medium Enterprises, including Khadi, Village and Coir industries, in cooperation with concerned Ministries / Departments, State Governments and other stakeholders by providing support to existing enterprises and encouraging creation of new enterprises. Therefore,

the present study is attempted to study the Government assistance for development of small manufacturing enterprises in Coimbatore district.

**REVIEW OF LITERATURE**

Venkataramanaiah and Parashar (2007) found that SMEs had improved their performance and presence through industrial cluster approaches. Suitable cluster interventions were necessary for enhancing competitiveness and sustainability of the SME sector. Sitharamayya (2009) highlighted some of the inadequacies in the financial management function in small industries. He also observed that besides the entrepreneurs themselves, the supporting agencies, institutions and banks should make effort to convince the entrepreneurs' need for a sound financial management system in their enterprises.

Rai (2009) concluded that the benefits of the SMEs had created a special status and importance in the Five-Year Plans right from its inception. In recent years, the MSME sector had consistent higher growth rate compared to the overall industrial sector. In this globalized environment the Government of India had felt that, there was a need to enhance the global competitiveness of the MSMEs by simplifying systems and procedures, easy access to capital and taking the MSMEs in the global value chain by increasing their productivity. To promote and develop the MSMEs, the Government had implemented several schemes / programmes to cater to the needs of the sector.

Nguyen et al (2010) found that policies in support of SMEs may broadly be categorized according to their objectives (1) broad macroeconomic objectives, such as the creation of jobs or the reduction of unemployment; (2) social or equity objectives such as the redistribution of income; (3) market failure or efficiency arguments, which relate essentially to considerations of static efficiency; and (4) dynamic efficiency arguments, in particular the promotion of innovative activities. Rocha et al (2012) suggested that guarantee schemes had contributed to SME lending in a period when MENA countries were still addressing their weaknesses in financial infrastructure. At the same time, it was also important to stress that these results did not necessarily imply that these guarantee schemes were cost-effective, additional, or promote good practice SME lending. The countries with the largest shares of SME loans in the total loan portfolio were the ones with the largest schemes, and also suggested that credit guarantee schemes may have induced more SME lending, controlling for other factors. However, these results di not necessarily mean that MENA credit guarantee schemes were cost-effective, in the sense of reaching the maximum number of viable and credit-constrained SMEs within their overall guarantee envelope.

Barani and Poovendhiran (2013) found that 36 respondents in cluster I opined that the industrial policies were effective impact on infrastructure support, technical support, information and marketing support and policy support. On the other hand, 27 respondents in II cluster expressed that the industrial policies were effective in the types of support namely, incentive support, information & marketing support and deregulation and simplification and 37 respondents in III cluster stated that the industrial policies were effective in the types of support namely infrastructure support and incentive support. The clustering however explained the effectiveness of Industrial policy in promoting SSI, and explains the utility of Tamil Nadu Industrial policy, there by highlighting the weak links to.

Appasaba et al (2013) revealed that effective measure to growth of MSMEs by their opinion was improve the production capacity, reducing tax deductions, financial assistance, more availability of raw material, fulfill employees incentives, Government assistance, improve the technology, innovations, these were all the measures they needed to growth of MSMEs but first was improve the production capacity, financial assistance, more availability of raw material was more important factors to develop the MSMEs.

**METHODOLOGY**

Coimbatore district is one of the most industrialized districts in Tamil Nadu. The Coimbatore district has 26428 MSME units and it provides employment to 213256 persons directly. The MSME sector has the total investment of Rs.1132955 lakhs and there are 18 types of small manufacturing enterprises in Coimbatore district as on in the year 2013-14. Out of 18 types of small manufacturing enterprises, the top six types of small manufacturing enterprises have been selected for the present study based on the number of industrial units. The small manufacturing units have been selected by adopting stratified random sampling technique through pre-tested and structured questionnaire. The 150 small manufacturing enterprises from each type of small manufacturing enterprises have been selected, thus, the total sample size for the present study is 900 small manufacturing enterprises in Coimbatore district. In order to accomplish the objective, the frequency, percentage and ANOVA test have been applied.

**RESULTS AND DISCUSSION**

**PROFILE OF SMALL MANUFACTURING ENTERPRISES**

The profile of small manufacturing enterprises was analyzed and the results are presented in Table 1. The results show that about 68.89 per cent of small manufacturing units are running as sole proprietorship followed by partnership (19.44 per cent) and private limited (11.67 per cent). It is inferred that the majority of the small manufacturing units are running as sole proprietorship. It is clear that about 39.45 per cent of small manufacturing units have the investment of Rs.20-30 lakhs followed by Rs.10-20 lakhs (30.33 per cent), Rs.30-40 lakhs (20.22 per cent) and Rs.40-50 lakhs (5.78 per cent) and more than Rs.50 lakhs (4.22 per cent). It reveals that the most of the small manufacturing units have the investment of Rs.20-30 lakhs.

**TABLE- 1, PROFILE OF SMALL MANUFACTURING ENTERPRISES**

| Sl. No. | Profile of Small Manufacturing Enterprises | Number of Small Manufacturing Units | Percentage |
|---|---|---|---|
| | **Nature of Ownership** | | |
| 1. | Sole Proprietorship | 620 | 68.89 |
| 2. | Partnership | 175 | 19.44 |
| 3. | Private Limited | 105 | 11.67 |
| | **Investment** | | |
| 1. | Rs.10-20 Lakhs | 273 | 30.33 |
| 2. | Rs.20-30 Lakhs | 355 | 39.45 |
| 3. | Rs.30-40 Lakhs | 182 | 20.22 |
| 4. | Rs.40-50 Lakhs | 52 | 5.78 |
| 5. | Above Rs.50 Lakhs | 38 | 4.22 |
| | **Business Establishment** | | |
| 1. | Own | 296 | 32.89 |
| 2. | Leased | 432 | 48.00 |
| 3. | Rented | 172 | 19.11 |
| | **Employment** | | |
| 1. | Below 10 employees | 76 | 8.44 |
| 2. | 10-20 employees | 149 | 16.56 |
| 3. | 20-30 employees | 274 | 30.44 |
| 4. | 30-40 employees | 212 | 23.56 |
| 5. | 40-50 employees | 118 | 13.11 |
| 6. | Above 50 employees | 71 | 7.89 |
| | **Annual Turnover** | | |
| 1. | Below Rs.5 Lakhs | 214 | 23.78 |
| 2. | Rs.5-10 Lakhs | 494 | 54.89 |
| 3. | Above Rs.10 Lakhs | 192 | 21.33 |
| **Sl. No.** | **Profile of Small Manufacturing Enterprises** | **Number of Small Manufacturing Units** | **Percentage** |
| | **Location** | | |
| 1. | Urban | 156 | 17.33 |
| 2. | Semi-urban | 432 | 48.00 |
| 3. | Rural | 312 | 34.67 |

Source: Primary Data

The results indicate that about 48.00 per cent of small manufacturing units are operating in leased establishments followed by owned establishments (32.89 per cent) and rented establishment (19.11 per cent). It reveals that the most of small manufacturing units are operating in leased establishments. It is observed that about 30.44 per cent of small manufacturing

units provide employment for 20-30 employees followed by 30-40 employees (23.56 per cent), 10-20 employees (16.56 per cent), 40-50 employees (13.11 per cent), less than 10 employees (8.44 per cent) and more than 50 employees (7.89 per cent). It is inferred that the majority of small manufacturing units provide employment for 20-30 employees.

The results reveal that about 54.89 per cent of small manufacturing units have the annual turnover of Rs.5-10 lakhs followed by less than Rs.5 lakhs (23.78 per cent) and more than Rs.15 lakhs (21.33 per cent). It reveals that the most of the small manufacturing units have the annual turnover of Rs.5-10 lakhs. It is apparent that about 48.00 per cent of small manufacturing units are located in semi-urban area followed by rural areas (34.67 per cent) and urban area (17.33 per cent). It reveals that the most of the small manufacturing units are located in semi-urban area.

**GOVERNMENT ASSISTANCE FOR DEVELOPMENT OF SMALL MANUFACTURING ENTERPRISES**

The Government assistance for the development of small manufacturing enterprises was analyzed and the results are presented in Table 2. The results show that about 35.34 per cent of small manufacturing enterprises have strongly agreed with technical assistance is given to small manufacturing industrial enterprises by the Government to increase production followed by agree (29.33 per cent), disagree (24.00 per cent) and neutral (11.33 per cent).

**TABLE- 2, GOVERNMENT ASSISTANCE FOR DEVELOPMENT OF SMALL MANUFACTURING ENTERPRISES**

| Sl. No. | Particulars | Level of Opinion | | | | Total |
|---|---|---|---|---|---|---|
| | | Strongly Agree | Agree | Neutral | Disagree | |
| 1. | Technical assistance is given to small manufacturing industrial enterprises by the Government to increase production | 318 (35.34) | 264 (29.33) | 102 (11.33) | 216 (24.00) | **900 (100.00)** |
| 2. | The small manufacturing enterprises are treated as priority sector by the Government to help them financially | 624 (69.33) | 150 (16.67) | 60 (6.67) | 66 (7.33) | **900 (100.00)** |
| 3. | The provision of long term and medium term loans by the Government are useful for their development | 432 (48.00) | 276 (30.67) | 84 (9.33) | 108 (12.00) | **900 (100.00)** |
| 4. | The Government provides finance for traditional manufacturing enterprises through co-operative banking system | 162 (18.00) | 384 (42.67) | 258 (28.67) | 96 (10.66) | **900 (100.00)** |
| 5. | The Government directs nationalized banks to disburse loans for small manufacturing enterprises for less interest | 138 (15.33) | 474 (52.67) | 138 (15.33) | 150 (16.67) | **900 (100.00)** |
| **Sl. No.** | **Particulars** | **Level of Opinion** | | | | **Total** |
| | | **Strongly Agree** | **Agree** | **Neutral** | **Disagree** | |
| 6. | The Government directs State SME corporations rationally distribute the raw materials during scarcity | 120 (13.33) | 390 (43.33) | 186 (20.67) | 204 (22.67) | **900 (100.00)** |
| 7. | The Government's decision to build up a buffer stock prevents raw material scarcity | 154 (17.11) | 456 (50.67) | 122 (13.56) | 168 (18.66) | **900 (100.00)** |
| 8. | The Government makes direct purchase from small manufacturing enterprises reduces the marketing burden | 184 (20.44) | 366 (40.67) | 230 (25.56) | 120 (13.33) | **900 (100.00)** |
| 9. | Price preference is given by public sector purchase | 172 (19.11) | 408 (45.33) | 192 (21.34) | 128 (14.22) | **900 (100.00)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| 10. | The Government gives investment allowances to encourage small manufacturing enterprises | 228 (25.33) | 372 (41.34) | 102 (11.33) | 198 (22.00) | **900 (100.00)** |
| 11. | The Government provides capital subsidies to small manufacturing enterprises in backward areas encourage rural entrepreneurs | 234 (26.00) | 402 (44.67) | 168 (18.67) | 96 (10.66) | **900 (100.00)** |
| 12. | The Government encourages developing ancillary units connected to public sector enterprises | 108 (12.00) | 354 (39.33) | 270 (30.00) | 168 (18.67) | **900 (100.00)** |
| 13. | The Government gives total exemption from excise duty | 154 (17.11) | 302 (33.56) | 240 (26.67) | 204 (22.66) | **900 (100.00)** |
| **Sl. No.** | **Particulars** | **Level of Opinion** | | | | **Total** |
| | | **Strongly Agree** | **Agree** | **Neutral** | **Disagree** | |
| 14. | The Government establishes market outlets like sales emporium, state cooperative societies and trade fairs | 222 (24.66) | 378 (42.00) | 150 (16.67) | 150 (16.67) | **900 (100.00)** |
| 15. | The Government provides quality control and testing facility increase the competitiveness of the product | 246 (27.34) | 342 (38.00) | 174 (19.33) | 138 (15.33) | **900 (100.00)** |
| 16. | The Government's decision to purchase reserved products from small manufacturing enterprises reduces the marketing burden | 186 (20.67) | 402 (44.67) | 204 (22.66) | 108 (12.00) | **900 (100.00)** |
| 17. | Industrial estate programme helps to build good organizational setup and infrastructure | 184 (20.44) | 326 (36.22) | 222 (24.67) | 168 (18.67) | **900 (100.00)** |
| 18. | The installation of SIDO, SISI, Kadhi developments are helping small manufacturing enterprises to revive | 204 (22.67) | 372 (41.33) | 216 (24.00) | 108 (12.00) | **900 (100.00)** |
| 19. | The Government provides entrepreneurship / skill development training programmes | 252 (28.00) | 306 (34.00) | 176 (19.56) | 166 (18.44) | **900 (100.00)** |
| 20. | The Government supports for technology infusion and / or upgradation | 224 (24.89) | 300 (33.33) | 202 (22.45) | 174 (19.33) | **900 (100.00)** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results indicate that about 69.33 per cent of small manufacturing enterprises have strongly agreed with the small manufacturing enterprises are treated as priority sector by the Government to help them financially followed by agree (16.67 per cent), disagree (7.33 per cent) and neutral (6.67 per cent).

It is clear that about 48.00 per cent of small manufacturing enterprises have strongly agreed with the provision of long term and medium term loans by the Government are useful for their development followed by agree (30.67 per cent), disagree (12.00 per cent) and neutral (9.33 per cent).

It is observed that about 42.67 per cent of small manufacturing enterprises have agreed with the Government provides finance for traditional manufacturing enterprises through co-operative banking system followed by neutral (28.67 per cent), strongly agree (18.00 per cent) and disagree (10.66 per cent).

It is apparent that about 52.67 per cent of small manufacturing enterprises have agreed with the Government directs nationalized banks to disburse loans for small manufacturing enterprises for less interest followed by disagree (16.67 per

cent), strongly agree (15.33 per cent) and neutral (15.33 per cent). The results show that about 43.33 per cent of small manufacturing enterprises have agreed with the Government directs State SME corporations rationally distribute the raw materials during scarcity followed by disagree (22.67 per cent), neutral (20.67 per cent) and strongly agree (13.33 per cent).

The results indicate that about 50.67 per cent of small manufacturing enterprises have agreed with the Government's decision to build up a buffer stock prevents raw material scarcity followed by disagree (18.66 per cent), strongly agree (17.11 per cent) and neutral (13.56 per cent). It is clear that about 40.67 per cent of small manufacturing enterprises have agreed with the Government makes direct purchase from small manufacturing enterprises reduces the marketing burden followed by neutral (25.56 per cent), strongly agree (20.44 per cent) and disagree (13.33 per cent).

It is observed that about 45.33 per cent of small manufacturing enterprises have agreed with price preference is given by public sector purchase followed by neutral (21.34 per cent), strongly agree (19.11 per cent) and disagree (14.22 per cent). It is apparent that about 41.34 per cent of small manufacturing enterprises have agreed with the Government gives investment allowances to encourage small manufacturing enterprises followed by strongly agree (25.33 per cent), disagree (22.00 per cent) and neutral (11.33 per cent).

The results show that about 44.67 per cent of small manufacturing enterprises have agreed with the Government provides capital subsidies to small manufacturing enterprises in backward areas encourage rural entrepreneurs followed by strongly agree (26.00 per cent), neutral (18.67 per cent) and strongly agree (10.66 per cent). The results indicate that about 39.33 per cent of small manufacturing enterprises have agreed with the Government encourages developing ancillary units connected to public sector enterprises followed by neutral (30.00 per cent), disagree (18.67 per cent) and strongly agree (12.00 per cent).It is clear that about 33.56 per cent of small manufacturing enterprises have agreed with the Government gives total exemption from excise duty followed by neutral (26.67 per cent), disagree (22.66 per cent) and strongly agree (17.11 per cent). It is observed that about 42.00 per cent of small manufacturing enterprises have agreed with the Government arrange market outlets like sales emporium, state cooperative societies and trade fairs followed by strongly agree (24.66 per cent), neutral (16.67 per cent) and disagree (16.67 per cent).

It is apparent that about 38.00 per cent of small manufacturing enterprises have agreed with the Government provides quality control and testing facility increase the competitiveness of the product followed by strongly agree (27.34 per cent), neutral (19.33 per cent) and disagree (15.33 per cent). The results show that about 44.67 per cent of small manufacturing enterprises have agreed with the Government's decision to purchase reserved products from small manufacturing enterprises reduces the marketing burden followed by neutral (22.66 per cent), strongly agree (20.67 per cent) and disagree (12.00 per cent).

The results indicate that about 36.22 per cent of small manufacturing enterprises have agreed with industrial estate programme helps to build good organizational setup and infrastructure followed by neutral (24.67 per cent), strongly agree (20.44 per cent) and disagree (18.67 per cent). It is clear that about 41.33 per cent of small manufacturing enterprises have agreed with the installation of SIDO, SISI, Kadhi developments are helping small manufacturing enterprises to revive followed by neutral (24.00 per cent), strongly agree (22.67 per cent) and disagree (12.00 per cent).

It is observed that about 34.00 per cent of small manufacturing enterprises have agreed with the Government provides entrepreneurship / skill development training programmes followed by strongly agree (28.00 per cent), neutral (19.56 per cent) and disagree (18.44 per cent). It is apparent that about 33.33 per cent of small manufacturing enterprises have agreed with the Government supports for technology infusion and / or upgradation followed by strongly agree (24.89 per cent), neutral (22.45 per cent) and disagree (19.33 per cent).

It is inferred that majority of small manufacturing enterprises are strongly agreed with technical assistance is given to small manufacturing industrial enterprises by the Government to increase production, the small manufacturing enterprises are treated as priority sector by the Government to help them financially and the provision of long term and medium term loans by the Government are useful for their development.

Meanwhile, most of small manufacturing enterprises are agreed with the Government provides finance for traditional manufacturing enterprises through co-operative banking system, the Government directs nationalized banks to disburse loans for small manufacturing enterprises for less interest, the Government directs State SME corporations rationally distribute the raw materials during scarcity, the Government's decision to build up a buffer stock prevents raw material scarcity, the

Government makes direct purchase from small manufacturing enterprises reduces the marketing burden, price preference is given by public sector purchase, the Government gives investment allowances to encourage small manufacturing enterprises, the Government provides capital subsidies to small manufacturing enterprises in backward areas encourage rural entrepreneurs, the Government encourages developing ancillary units connected to public sector enterprises, the Government gives total exemption from excise duty, the Government establishes market outlets like sales emporium, state cooperative societies and trade fairs, the Government provides quality control and testing facility increase the competitiveness of the product, the Government's decision to purchase reserved products from small manufacturing enterprises reduces the marketing burden, industrial estate programme helps to build good organizational setup and infrastructure, the installation of SIDO, SISI, Kadhi developments are helping small manufacturing enterprises to revive, the Government provides entrepreneurship / skill development training programmes and the Government supports for technology infusion and / or upgradation.

**PROFILE OF SMALL MANUFACTURING ENTERPRISES AND GOVERNMENT ASSISTANCE FOR THEIR DEVELOPMENT**

The relationship between profile of small manufacturing enterprises and Government assistance for their development was analyzed and the results discussed hereunder. The distribution of small manufacturing enterprises on the basis of Government assistance for their development was analyzed and the results are presented in Table 3. The responses of small manufacturing enterprises about the Government assistance for their development has been classified into low level, moderate level and high level based on "Mean ± Standard Deviation (SD)" criterion. The mean score is 71.86 and the SD is 6.58.

**TABLE- 3, DISTRIBUTION OF SMALL MANUFACTURING ENTERPRISES ON THE BASIS OF GOVERNMENT ASSISTANCE FOR THEIR DEVELOPMENT**

| Sl. No. | Level of Government Assistance | Number of Small Manufacturing Units | Percentage |
|---|---|---|---|
| 1. | Low | 216 | 24.00 |
| 2. | Moderate | 462 | 51.33 |
| 3. | High | 222 | 24.67 |
| | **Total** | **900** | **100.00** |

Source: Primary Data

It is observed that about 51.33 per cent of small manufacturing enterprises perceive that the level of Government assistance is at moderate level followed by high level (24.67 per cent) and low level (24.00 per cent).

**NATURE OF OWNERSHIP AND GOVERNMENT ASSISTANCE**

The relationship between nature of ownership of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 4.

**TABLE- 4NATURE OF OWNERSHIP AND GOVERNMENT ASSISTANCE**

| Sl. No. | Nature of Ownership | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Sole Proprietorship | 146 (23.55) | 315 (50.81) | 159 (25.64) | **620 (68.89)** |
| 2. | Partnership | 48 (27.43) | 90 (51.43) | 37 (21.14) | **175 (19.44)** |
| 3. | Private Limited | 22 (20.95) | 57 (54.29) | 26 (24.76) | **105 (11.67)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 620 sole proprietorships, about 50.81 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (25.64 per cent) and low level (23.55 per cent). The results indicate that out of 175 partnerships, about 51.43 per cent of small manufacturing enterprises

perceive that the Government assistance for their development is at moderate level followed by low level (27.43 per cent) and high level (21.44 per cent).

It is clear that out of 105 private limited enterprises; about 54.29 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (24.76 per cent) and low level (20.95 per cent). In order to examine the difference between nature of ownership of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 5.

**TABLE- 5, NATURE OF OWNERSHIP AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 129.141 | 2 | 64.571 | 1.495 | .225 |
| Within Groups | 38739.219 | 897 | 43.188 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 1.495 is not statistically significant indicating that there is no significant difference between nature of ownership of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no significant difference between nature of ownership of small manufacturing enterprises and Government assistance for their development is accepted.

**INVESTMENT AND GOVERNMENT ASSISTANCE**

The relationship between investment of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 6.

**TABLE -6 ,INVESTMENT AND GOVERNMENT ASSISTANCE**

| Sl. No. | Investment | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Rs.10 Lakhs – Rs.20 Lakhs | 72 (26.37) | 144 (52.75) | 57 (20.88) | **273 (30.33)** |
| 2. | Rs.20 Lakhs – Rs.30 Lakhs | 79 (22.25) | 174 (49.02) | 102 (28.73) | **355 (39.45)** |
| 3. | Rs.30 Lakhs – Rs.40 Lakhs | 57 (31.32) | 88 (48.35) | 37 (20.33) | **182 (20.22)** |
| 4. | Rs.40 Lakhs – Rs.50 Lakhs | 8 (15.38) | 41 (78.85) | 3 (5.77) | **52 (5.78)** |
| 5. | Above Rs.50 Lakhs | 0 (0.00) | 15 (39.47) | 23 (60.53) | **38 (4.22)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 273 small manufacturing enterprises with the investment of Rs.10 lakhs – Rs.20 lakhs, about 52.75 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (26.37 per cent) and high level (20.88 per cent). The results indicate that out of 355 small manufacturing enterprises with the investment of Rs.20 lakhs – Rs.30 lakhs, about 49.02 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (28.73 per cent) and low level (22.25 per cent).

It is clear that out of 182 small manufacturing enterprises with the investment of Rs.30 lakhs – Rs.40 lakhs, about 48.35 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (31.32 per cent) and high level (20.33 per cent). It is observed that out of 52 small manufacturing enterprises with the investment of Rs.40 lakhs – Rs.50 lakhs, about 78.85 per cent of small manufacturing enterprises

perceive that the Government assistance for their development is at moderate level followed by low level (15.38 per cent) and high level (5.77 per cent).

It is apparent that out of 38 small manufacturing enterprises with the investment of above Rs.50 lakhs, about 60.53 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at high level followed by moderate level (39.47 per cent). In order to examine the difference between investment of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 7.

**TABLE- 7,INVESTMENT AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2161.651 | 4 | 540.413 | 13.177 | .000 |
| Within Groups | 36706.709 | 895 | 41.013 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 13.177 is significant at one per cent level indicating that there is a significant difference between investment of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no significant difference between investment of small manufacturing enterprises and Government assistance for their development is rejected.

**BUSINESS ESTABLISHMENT AND GOVERNMENT ASSISTANCE**

The relationship between business establishment of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 8.

**TABLE - 8, BUSINESS ESTABLISHMENT AND GOVERNMENT ASSISTANCE**

| Sl. No. | Business Establishment | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Own | 72 (24.32) | 154 (52.03) | 70 (23.65) | **296 (32.89)** |
| 2. | Leased | 108 (25.00) | 221 (51.16) | 103 (23.84) | **432 (48.00)** |
| 3. | Rented | 36 (20.93) | 87 (50.58) | 49 (28.49) | **172 (19.11)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 296 small manufacturing enterprises that have own business establishment, about 52.03 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (24.32 per cent) and high level (23.65 per cent). The results indicate that out of 432 small manufacturing enterprises that have leased business establishment, about 51.16 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (25.00 per cent) and high level (23.84 per cent).

It is observed that out of 172 small manufacturing enterprises which have rented business establishment, about 50.58 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (28.49 per cent) and low level (20.93 per cent). In order to examine the difference between business establishment of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 9.

**TABLE- 9, BUSINESS ESTABLISHMENT AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 144.863 | 2 | 72.431 | 1.678 | .187 |
| Within Groups | 38723.497 | 897 | 43.170 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 1.678 is not statistically significant indicating that there is no significant difference between business establishment of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no significant difference between business establishment of small manufacturing enterprises and Government assistance for their development is accepted.

**EMPLOYMENT GENERATION AND GOVERNMENT ASSISTANCE**

The relationship between employment generation of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 10.

**TABLE -10,EMPLOYMENT GENERATION AND GOVERNMENT ASSISTANCE**

| Sl. No. | Employment | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Below 10 Employees | 35 (46.05) | 30 (39.47) | 11 (14.48) | **76 (8.44)** |
| 2. | 10 – 20 Employees | 36 (24.16) | 76 (51.01) | 37 (24.83) | **149 (16.56)** |
| 3. | 20 – 30 Employees | 55 (20.07) | 145 (52.92) | 74 (27.01) | **274 (30.44)** |
| 4. | 30 – 40 Employees | 54 (25.47) | 118 (55.66) | 40 (18.87) | **212 (23.56)** |
| 5. | 40 – 50 Employees | 35 (29.66) | 49 (41.53) | 34 (28.81) | **118 (13.11)** |
| 6. | Above 50 Employees | 1 (1.41) | 44 (61.97) | 26 (36.62) | **71 (7.89)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 76 small manufacturing enterprises which provide the employment for less than 10 employees, about 46.05 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at low level followed by moderate level (39.47 per cent) and high level (14.48 per cent). The results indicate that out of 149 small manufacturing enterprises which provide the employment for 10-20 employees, about 51.01 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (24.83 per cent) and low level (24.16 per cent).

It is observed that out of 274 small manufacturing enterprises that provide the employment for 20-30 employees, about 52.92 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (27.01 per cent) and low level (20.07 per cent). It is clear that out of 212 small manufacturing enterprises which provide the employment for 30-40 employees, about 55.66 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (25.47 per cent) and high level (18.87 per cent).

The results reveal that out of 118 small manufacturing enterprises which provide the employment for 40-50 employees, about 41.53 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (29.66 per cent) and high level (28.81 per cent). It is apparent that out of 118 small

manufacturing enterprises which provide the employment for more than 50 employees, about 61.97 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (36.62 per cent) and low level (1.41 per cent).

In order to examine the difference between employment generation of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 11.

**TABLE- 11, EMPLOYMENT GENERATION AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 2267.532 | 5 | 453.506 | 11.077 | .000 |
| Within Groups | 36600.828 | 894 | 40.941 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 11.077 is significant at one per cent level indicating that there is a significant difference between employment generation of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no significant difference between employment generation of small manufacturing enterprises and Government assistance for their development is rejected.

**ANNUAL TURNOVER AND GOVERNMENT ASSISTANCE**

The relationship between annual turnover of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 12.

**TABLE - 12, ANNUAL TURNOVER AND GOVERNMENT ASSISTANCE**

| Sl. No. | Annual Turnover | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Below Rs.5 Lakhs | 65 (30.37) | 101 (47.20) | 48 (22.43) | **214 (23.78)** |
| 2. | Rs.5 Lakhs – Rs.10 Lakhs | 115 (23.28) | 265 (53.64) | 114 (23.08) | **494 (54.89)** |
| 3. | Above Rs.10 Lakhs | 36 (18.75) | 96 (50.00) | 60 (31.25) | **192 (21.33)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 214 small manufacturing enterprises with annual turnover of below Rs.5 lakhs, about 47.20 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (30.37 per cent) and high level (22.43 per cent). The results indicate that out of 494 small manufacturing enterprises with annual turnover of Rs.5 lakhs – Rs.10 lakhs, about 53.64 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (23.28 per cent) and high level (23.08 per cent).

It is observed that out of 192 small manufacturing enterprises with the annual turnover of above Rs.10 lakhs, about 50.00 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (31.25 per cent) and low level (18.75 per cent). In order to examine the difference between annual turnover of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 13.

**TABLE -13, ANNUAL TURNOVER AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 520.590 | 2 | 260.295 | 6.089 | .002 |
| Within Groups | 38347.770 | 897 | 42.751 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 6.089 is significant at one per cent level indicating that there is a significant difference between annual turnover of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no significant difference between annual turnover of small manufacturing enterprises and Government assistance for their development is rejected.

**LOCATION AND GOVERNMENT ASSISTANCE**

The relationship between location of small manufacturing enterprises and Government assistance for their development was analyzed and the results are presented in Table 14.

**TABLE- 14, LOCATION AND GOVERNMENT ASSISTANCE**

| Sl. No. | Location | Level of Government Assistance | | | Total |
|---|---|---|---|---|---|
| | | Low | Moderate | High | |
| 1. | Urban | 36 (23.08) | 77 (49.36) | 43 (27.56) | **156 (17.33)** |
| 2. | Semi-urban | 108 (25.00) | 228 (52.78) | 96 (22.22) | **432 (48.00)** |
| 3. | Rural | 72 (23.08) | 157 (50.32) | 83 (26.60) | **312 (34.67)** |
| | **Total** | **216** | **462** | **222** | **900** |

Source: Primary Data (The figures in the parentheses are per cent to total)

The results show that out of 156 small manufacturing enterprises which are located in urban area, about 49.36 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (27.56 per cent) and low level (23.08 per cent). The results indicate that out of 432 small manufacturing enterprises which are located in semi-urban area; about 52.78 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by low level (25.00 per cent) and high level (22.22 per cent).

It is clear that out of 312 small manufacturing enterprises that are located in semi-urban area, about 50.32 per cent of small manufacturing enterprises perceive that the Government assistance for their development is at moderate level followed by high level (26.60 per cent) and low level (23.08 per cent). In order to examine the difference between location of small manufacturing enterprises and Government assistance for their development, Analysis of Variance (ANOVA) test has been applied and the results are presented in Table 15.

**TABLE- 15,LOCATION AND GOVERNMENT ASSISTANCE - ANOVA**

| Source | SS | Degrees of Freedom | MS | F | Sig. |
|---|---|---|---|---|---|
| Between Groups | 102.381 | 2 | 51.191 | 1.184 | .306 |
| Within Groups | 38765.979 | 897 | 43.217 | | |
| **Total** | **38868.360** | **899** | - | - | - |

Source: Primary Data

The F-value of 1.184 is not statistically significant indicating that there is no significant difference between location of small manufacturing enterprises and Government assistance for their development. Hence, the null hypothesis of there is no

significant difference between location of small manufacturing enterprises and Government assistance for their development is accepted.

**CONCLUSION**

The foregoing analysis shows that majority of small manufacturing enterprises are strongly agreed with technical assistance is given to small manufacturing industrial enterprises by the Government to increase production, the small manufacturing enterprises are treated as priority sector by the Government to help them financially and the provision of long term and medium term loans by the Government are useful for their development.

The results indicate that there is a significant difference between investment of small manufacturing enterprises and Government assistance, employment generation of small manufacturing enterprises and Government assistance and annual turnover of small manufacturing enterprises and Government assistance.

The Central and State Governments must ensure the conducive and favourable external environment in order to capture the potentiality of small manufacturing enterprises through management of raw materials supply, infrastructure facilities and Government industrial policies. The Government should direct nationalized banks to disburse loans for small manufacturing enterprises for less interest and it must encourage developing ancillary units connected to public sector enterprises.

The Government must support for technology infusion and / or up gradation in quick manner and it should purchase reserved products from small manufacturing enterprises reduces the marketing burden. Industrial estate programme should build good organizational setup and infrastructure and the Government should provide quality control and testing facility to increase the competitiveness of the product.

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