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# Socio – Economic conditions on Micro Entrepreneurs in Tuticorin District

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## **Introduction**

In a fast moving world, no firm small or large can survive, if it is not alert and responsive to technological changes. Hence, a speedy and faster economic development is possible only with the help of dynamic and alert entrepreneurs. In India, “small business firms produce two and a half times as many innovations as large firms, relative to the number of persons, employed. In a country like India, state and private entrepreneurs exist side by side.<sup>1</sup> The small scale industrial sector and business are in the purview of private entrepreneurs. Hence, the need to promote entrepreneurship in the medium scale and small scale industrial sectors becomes essential to hasten the rate of development. Micro enterprise play a substantial role in all economies which are currently undergoing a transition from traditional subsistence to modern industrial economy, such as in many Asian and African countries. The micro enterprise sector plays a significant role in reducing poverty and promoting the creation of new jobs as well as higher level of employment. It's micro enterprises represent the earliest stage of business development stage where the owner founder is typically also manager of the firm. At this stage, the management decisions of the founder of entrepreneur his intensions about the business and his background and aspirations are intrinsically linked with the success of the business itself. Recent work by the world bank suggest that almost so present of employment in low income countries is generated by the informal economy, which as additional 18 percent is provided by small and medium enterprises together these two groups contribute 63 percent of the Gross Domestic Product<sup>1</sup>. The Tuticorin District Industrial Centre is an institution at the district level

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1. Ayyagari,M.T. Back and A Demirague – Kunt Small and Medium enterprises across the globe. A new data base. that renders important services and facilities to the entrepreneurs in a district under one roof, so that they may setup small scale and village industries.<sup>2</sup> The main purpose of this program has been to minimize the number of contact points that the entrepreneurs have to deal with for acquiring all facilities.

A significant feature of the Indian economy since independence is rapid growth of entrepreneurship in the small scale industrial sector. There is unlimited scope for the growth of entrepreneurship in this area and with a little initiative and assistance. The underutilized and underemployment agricultural workers can find permanent employment and earn a comparatively larger and stable income. This paper is based on the growth of entrepreneurship in the micro enterprises units for research. This paper is an attempt to analyze entrepreneurs through micro enterprise by District Industrial Centre assistance in Tuticorin district,

This paper analyzed in socio economic condition of selected sample micro entrepreneurs in Tuticorin. To identify and analyze the important personality traits variables, Performance and analyze the

various constraints faced by the micro entrepreneurs in their business. To framing the limitations in larger number of entrepreneur ventures implemented through District Industrial Centre and confirmed only to the micro entrepreneurs to registered in District Industrial Centre in Tuticorin and omission is mainly due to the non-availability of specific data. K.Mathumathy in 2002 revealed that the Entrepreneur is initially identified with such simple characteristics as willingness to take risks and the ability to make decisions under uncertain conditions with changes with the state of economy and technology, to take up other roles like manager, etc.

- 2. Madhumathy, K. Entrepreneur: Evaluation of the concept and characteristics SEDME 29.4, December 2002, p. 1-20.

**Methodology**

Nearly 6 percent of total sample micro units of micro entrepreneurs registered in District Industrial Centre were chosen the unit has been registered of least 3 years before march 2014. Like at least the nature of micro entrepreneurs registered as on march 2014 were Coir Making, Masala Product Manufacturing, Palamlean Products, Handicrafts, Fishnet Making, Dry Fish and like. Both primary and secondary data were used to address the issues taken up for research. For the purpose of primary data collection a total of 50 micro entrepreneurs were randomly selected from the list obtained from District Industrial Centre in Tuticorin District.

**Table - 1 Socio Economic Variable of Micro Entrepreneurs Data Table and Computed Chi- Square test Results**

Classified	Persons	Chi-square Values	P value	Result
<u>Age wise Classification</u>				
Below 25	14	14.854	0.182	Not Sig
26 -35	15			
36 -45	4			
Above 45	7			
<u>Sex wise classification</u>				
Male	34	8.471	0.142	Not sig
Female	16			
<u>Family of the Respondents</u>				
Nuclear	10	14.241	0.011	Sig
Joint	31			
Extended	9			

<u>Community wise classification</u>				
Backward Class	13			
Most Backward Class	30			
Schedule Class/Schedule Tribes	7	59.721	0.001	Sig
<u>Education Level</u>				
Upto SSLC	10			
HSSC	21			
Graduates	12	9.431	0.273	Not sig
Technical	7			
<u>Monthly Income</u>				
Below 10000	7			
10000 – 15000	19			
15000 – 20000	16			
Above 20000	8	22.541	0.004	Sig
<u>Distribution of Investment of Micro Entrepreneur</u>				
Below 20000	8			
20001 – 40000	23			
40001 – 60000	13	41.142	0.000	Not sig
Above 60000	6			
<u>Distribution of Experience of Micro Entrepreneurs</u>				
Below 2	18			
2-4	16			
4-6	9			
Above 6	7	54.829	0.000	Not sig
<u>Distribution of Turnover of Micro Entrepreneurs</u>				
Below 15000	14			
15000 – 25000	18	88.58	0.000	
25000 – 35000	9			Sig
Above 35000	9			

<b>Profit Distribution of Profit of Micro Entrepreneurs</b>				
Below 5000	16			
5001- 10000	22			
10001 -15000	8	69.56	0.000	Sig
Above 15000	4			

Primary Data. Significant level 5 Percent.

The above table -1 shows Socio Economic status of the respondents relationship between profile variable and loans, personality traits among women micro entrepreneurs, factor analysis to reveal important dimensions of personality traits and its relationship with bank loan, government schemes, benefits, occupational status and the like of the respondents were discussed. Results that the micro entrepreneurs are mostly young i.e. in the age group of 26 – 35 years accounting 30 percent. This is followed by the age group below 25 years with 28 percent. out of the 50 micro entrepreneurs , 68 percent of there are male and remaining 32 percent are female. Majority of the respondents belong to most backward class in Tuticorin district. Among the respondents, 42 percent have higher secondary level of education and 54 percent of entrepreneurs have a family size of 3 to 5. The most common family income of the respondents is Rs.10000 – 15000, followed by rs. 15000-20000. Regarding the experience, majority of the micro entrepreneurs have less than 2 years experience. They are followed by 2 -4 years of experience majority of the micro entrepreneurs i.e 46 percent have an investment range of rs.20001 to rs.40000, followed by rs. 40001 to 60000. It is found that the majority of the respondents 41 percent have availed loan ranging from rs.5000 to rs.10000. the bank loan borrowed once scored 68 percent and twice scored 24 percent. the Chi-Square test results showed that the socio – economic variables, namely community, marital status, monthly profit, types of family and monthly income of the family have influenced the borrowings of loan from banks.

**Performance of Micro Entrepreneurs in Tuticorin District**

The quality of entrepreneurship depends on the degree to which the entrepreneur are involved in managing their enterprises. Entrepreneurs are classified. Entrepreneurs are classified into good and poor performers on the basis of their average return on their investment at 9.34 percent. the good performers are those who seemed a percentage above the average return on investment. Out of 50 micro entrepreneurs, 28(58%) came under the category of good performers and the remaining 22 (44%) belong to poor performers category. Enterprise involvement is highly essential for the performance of the enterprises and the performance also acts as a motivation in enterprise involvement among the entrepreneurs. There is a cyclical relationship between two aspects. In order to analyze the association between the performance of the micro entrepreneurs and their enterprise involvement, the mean score of enterprise involvement variables calculated. The ‘F’ statistics was also compiled to find out the significant difference among the different grouping entrepreneurs. The resultant mean score of the enterprise variables and their related ‘F’ Statistics are presented in table 2.

S.No	Enterprise Involvement Variable	Average Score		
		Good Performer	Poor Performer	F- Statistics
1	Source of Inspiration	3.1338	1.9762	2.7176*
2	Help during Setting up stage	2.6816	3.1618	1.3131*
3	Managing Various Function	3.3319	1.7829	2.0168*
4	Major Decision	2.8319	1.9962	1.6314*
5	Time Spent on Unit related Work	3.4618	2.6911	1.8168*
6	Satisfaction	3.5341	3.0432	0.8221
7	Training	2.6283	2.6263	0.7192
8	Pride being an entrepreneur	3.6314	2.0718	1.7218*
9	Membership	3.6141	3.2216	0.5216
10	Future Plans	3.8314	1.9911	2.3619*

\* significant at 5 percent level.

The most involved enterprising aspects among the good and poor performers are future plans and membership. Since the mean scores are 3.831 and 3.2216 respectively. The mean scores of overall involvement among them are 3.2680 and 2.2562 respectively. The significant differences among the good and poor performers are noticed in a few enterprise involvement variables, namely source of inspiration help during setting up stage, managing various functions, time spent on unit related work, pride in being on entrepreneur and future plans. Since their 'F' statistics are significant at 5 percent level. The higher mean differences regarding the enterprise involvement among the good and poor performers are seen in source of inspiration and future plans with the mean differences at where the poor performers are very week in the above two aspects.

#### Overall Performance of Micro Entrepreneurs in Tuticorin

S.No	Enterprise involvement Variables	Group Mean	F - Statistics
1	<u>Age of Women Entrepreneurs</u>		
	Less than 30	3.2816	3.1992
	30 - 40	1.4616	
	40 – 50	2.7516	
Above 50	2.9264		
2	School level	2.9964	2.9812*
	College level	3.1409	
	Technical level	3.0411	
3	Caste and Enterprise		2.9148
	SC/ST	2.6522	
	MBC	3.2316	
	BC	3.5418	

	OC	3.6121	
4	<u>Marital Status</u>		
	Married	2.7411	
	Unmarried	3.5416	2.9541
	Widow/Widower	3.0916	
5	<u>Family size &amp; enterprise</u>	3.8992	
	Less than 3	3.8861	1.2916
	3 to 5	2.6861	
	Above 5		
6	<u>Earning members and family</u>		
	1	3.1118	
	2	3.1919	
	3	3.4613	1.6852
	4	3.3764	
	5 and above	3.4441	
7	<u>Occupational members</u>		
	Agriculture labor	2.2518	
	Farmers	2.6724	
	Non – Agriculture labor	3.0624	1.1873
	Govt Employee	2.2516	
	Pvt Employee	2.8617	
	Micro Entrepreneur	2.6619	
8	<u>Material Profession</u>		
	Less than 5000	2.9116	
	50000 to 100000	3.0139	4.6522
	1 lakh to 2 lakh	3.0443	
	More than 2 lakh	3.6443	
9	<u>Monthly Income Group</u>		
	Less than 2000	2.2216	
	2001 to 3000	2.7722	
	3001 to 4000	0.0251	1.5366
	4001 to 5000	3.0189	
	Above 5000	3.2236	
10	<u>Mean Value of Family</u>		
	Less than 1000	2.3814	
	1000 to 2000	2.6616	
	2000 to 3000	2.7583	
	3000 to 4000	3.1133	2.9712
	4000 to 5000	3.1932	

	Above 5000	3.6225	
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\* significant at 5 percent level.

Above table shows that the overall enterprise involvement is higher among the group of less than 30 years since its overall score is 3.2816, followed by the age group of 50 years and above. Those under different age groups are influenced by factors like sources of inspiration, help during setting up stage, and training, future plans and over all involvement since their respective F statistics are statistically at 5 percent level. Increase in the level of education indicates the increase in involvement among the entrepreneurs since the overall involvement index has increased from 2.9764(school level) to 3.1409 (college level). There is no significant difference identified among the entrepreneurs belonging to different castes. Similar results were identified in factors of marital status and enterprise involvements where there was not are significant difference among the entrepreneurs. Further, the significant differences among the entrepreneurs with varying number of earning members per family have been identified in a few aspects. Among the entrepreneurs who have a monthly income of Rs. 5000 and above is noticed to be as high as 3.2236 followed by 3.0189 among the entrepreneurs with a monthly income of rs. 40001 - 5000. The mean score of the entrepreneurs who have a personality index of less than 20 is 2.8254 and it has increased to 4.2923 among the entrepreneurs who have a personality index of above 80.

### Conclusion:

The economic development of a country depends upon the proper utilization of the employment avenues. Micro entrepreneurship is the mode of self employment. The main problem which have been faced by the micro entrepreneur's are drive and self confidence and those problems can be overcome by proper

guidance and motivation. In our study advised the government through agencies should give proper training in order to encourage and motivate.

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