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A Study On Factors Motivated The Entrepreneurs To Start Business In Theni District

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ABSTRACT

This paper gives a brief analysis of the factor motivating the entrepreneurs to start business in Theni District. This study is an empirical research. The primary data were collected by personal interview of the selected respondents by using interview schedule. The primary data were collected from the entrepreneur's directly during the month of August 2019 to January 2020. Theni District comprises of eight blocks and five revenue talks. As per the data available with the District Industries Centre,Theni. The district has around 6000 MSMEs in Theni District during the study period. The researcher used convenient sampling method to collect data from the sample respondents. First hand data were collected from the respondents directly by the researcher himself with the help of an interview schedule. Percentage analysis and rotated matrix were used to analyse the data. This paper reveals that out of twenty six variables the Six factors were extracted namely "Hereditary", "Economic Background", "Subsidy and Assistance", "Financial Institution", "Source of Finance", "Assistance through TIIC"**.**, All the attributes are formed under each factor had high associations. High value of Kaisar-Meyer-Olikin measure of sampling adequacy (0.776) indicates the correlation between the pairs at variables explained by other variables and thus factor analysis was considered to be appropriate in this model. Cronbach's Alpha is more than 0.64 in all factors. The researcher interested to find out what are the factors factors motivated the entrepreneurs to start business. Finally conclusions were drawn and suggestions were offered.

Keyword: Entrepreneurs, Factor analysis.

INTRODUCTION

The promotion of Small Scale Industrial (SSI) sector becomes inevitable to countries like India due to its inherent strength such as low capital intensity short gestation period, high employment potential, capacity to induce dispersal industrial activities and widening of the entrepreneurial base. The SSI sector has been receiving special attention from the policy makers in addressing its requirements, be it credit marketing technology, entrepreneurship development fiscal or infrastructural support. The SSI sector enjoys the status of priority sector for seeking financial assistance from commercial banks and other financial institution. Availability of timely and adequate financial assistance is a pre-requisite for the growth of SSI sector. A multi-agency credit

structure has got evolved in India over the years for exclusive development of SSI sector. Different national and state level institution has been established to meet the credit requirements of SSI sector. These institutions include Small Industries Development Bank of India, Commercial Banks, Regional Rural Banks, Co-operative Banks, State Financial Corporation, State Industrial Investment Corporation, National Bank for Agriculture and Rural Development and the like.

Among these institution, the role of State Financial Corporation (SFC) in promoting SSI sector is vital. As a major step towards the institutional flow of credit to Small-scale sector, the Government of India passed the State Financial Corporation Act in 1951. SFC's were mandated to serve as regional funding agencies for promoting industries in general and SSI in particular by granting loans and equity participation. Presently, there are 18 SFCs engaged in a range of activities like extending term loan for the setting up of new units, expansion, modernisation and technology up gradations of existing units and the revival of sick units. "SFCs constitute the first experiment in the field of organising institutional arrangements for providing industrial finance to small and medium-sized industry".[1]

The first SFC under State Financial Corporation Act was established in Punjab in February 1953. The other states followed suit. In accordance with the planned objective of growth with social justice, they have been rendering financial assistance primarily to small, village and tiny industries. Assisting a large number of these industries particularly in the backward regions of the country is really a challenging task and SFCs have done a commendable work in these spheres.

SFCs extend their financial assistance to industrial concerns to engage themselves in the manufacture, preservation or processing of goods, mining and steel industries, transport services, generation and distribution of electricity and development of any continuous area of land as an industrial estate. Through the amendment in the SFCs Act in December 1972, concerns engaged in repairing testing and servicing of machinery, vehicles and vessels, assembling and packaging and consultancy services and the like have also been made eligible for assistance. SFCs extend assistance to all types of industrial concerns organised either as a public limited company, private limited company, partnership firm or sole trading concern. The SFCs can provide financial assistance up to a maximum of Rs.8 corers to an individual unit.

The SFCs also act as the agent of the Union and the State Government, IDBI, IFCI and other Financial Institution in the matter connected with providing of venture and seed capital apart from granting of loans and advances. Most of IDBI schemes for assistance to small and medium sectors are operated through SFCs.

Though the state of Punjab was the pioneer in establishing SFC under SFCs Act, the Government of Tamil Nadu (erst while Madras State) set up a state-level financial corporation in 1949 itself. The Madras Industrial Investment Corporation Limited was registered on the 24th of March, 1949 under the Indian Companies Act, 1949 as a banking company. The nomenclature of the corporation was then amended as Tamil Nadu Industrial Investment Corporation Limited (TIIC) in 1971. The functioning of TIIC

is governed by the provisions of the Companies Act, 1949 and Banking Regulation Act, 1949 and hence it enjoys the benefits of both the Acts.[2]

The TIIC provides financial assistance to industrial concerns for creating fixed assistance in the form of land, building, machinery and the like. It is mainly concerned with Small and Medium-scale industries in the State of Tamil Nadu. It also provides finance to technocrats for setting up the Small-scale industrial sector and medical practitioners for setting up clinics in rural areas.

The financial assistance by TIIC to Small-scale industries includes both rupee and foreign currency loans. It also provides the guarantee for the foreign exchange loan granted to the Small-scale industries by other financial agencies. It provides concessional finance to industrial projects started in notified backward areas. The TIIC also underwrites the public issue of the share capital of Small-scale industries.

The Government of Tamil Nadu has established TIIC with specific objectives of better industrial development. Therefore, it is the duty of TIIC to provide financial assistance to various forms of Small and Medium-scale industries. The success of a state financial institution depends highly on its lending performances. If financial assistance is given in the proper manner, industrial development is inevitable.

STATEMENT OF THE PROBLEM

The government of Tamil Nadu has introduced number of measures from time to time to promote and development of Small-scale industries throughout the state. These measures include both financial and non-financial assistance. The establishment of TIIC during the dawn of independence gave great impetus to the proliferation of industries. In fact, in the beginning, the corporation paid a little attention to the financing of the Small-scale industries.[3] As at the end of March 1992, of TIIC's total assistance of Rs.23,311 lakhs (4002 units) to all industrial concerns, only a sum of Rs.15,315 lakhs (2432 units) was granted to the Small-scale industries. This state of affair existed from the inception of the corporation up to 1998-1999. From 1999 onwards, the corporation evinced greater interest in financing the Small-scale industries. At present, more than 66 per cent of the loan application sanctioned by TIIC is from Small-scale industrial units. Though other financial institutions like commercial banks play a significant role in developing the industrial sector, the role played by TIIC is crucial in the sense that no institution except TIIC provides financial assistance to the industrial concerns during their commencement period. The aspiring entrepreneurs who lacked sufficient finance have made use of TIIC and therefore, it occupies a strategic place in the map of the industrial sector in general and Small-scale industrial sector of Theni district in particular. The survival of any financial institution wholly depends on how prudently they invest their capital and how efficiently they recover their outstanding. The TIIC has proved time and again its performance which could easily be gauged by its tremendous growth. In fact, the growth of the Small-scale industrial sector of Theni district in inter-linked with the growth of TIIC. But, in recent years TIIC is acting in an unprecedented low profile. It is understood that the modern day entrepreneurs prefer TIIC more as a secondary source than as a primary source of finance. Therefore, it is of interest to

probe into the performance of TIIC in different dimensions, namely registered units, amount sanctioned and comparison of registered units between total registered units in Theni district and registered units through TIIC in order to bring out valid inferences. This may be helpful to the parties interested in strengthening the activities of TIIC so as to make its performance more meaningful. Hence the present study has been undertaken to evaluate the various problems faced by the respondents, their perception of TIIC support, the impact of such support and their expectations from TIIC for their overall development.

OBJECTIVES OF THE STUDY

To measure the factors motivated the entrepreneurs to start business in Theni District

REVIEW OF LITERATURE

Kalyan **et.al.**,[3] (2011) in their study entitled "Competitive Performance of Micro, Small and Medium Enterprises in India" found that the MSMEs have performed extremely well and enable the country to make the process of providing additional employment and rural industrialization possible.

Garg and Walla.,[4] (2012) in their study entitled " Micro Small and Medium Enterprises (MSMEs) in post-reform India: Status and Performance" found that the significant growth of MSMEs have been taken place over a period of time and this sector is the major donor to GDP, employment and exports in Indian economy.

Reddy.,[5] (2012) in his paper "Industrial Financial Service by APSFC-A Study" highlighted the relationship between sanctions and disbursements, gross sanctions generated to the small scale industrial sector- purpose wise, constitution wise, loan type wise, social- class wise, region wise, classification of assistance and some viable and useful suggestions were offered to tone up the overall performance of the corporation for industrial development in Andhra Pradesh (Reddy, c.v. (2012). "industrial financial services by APSFC :a study". Conference proceedings, national conference on "new paradigms and perspectives for business excellence".

Bhat.,[6] (2012)in his article "Financial Statement Analysis of Andhra Pradesh State Financial Corporation" analyzed the operational and financial performance of the APSFc, and suggested that the corporation has to reduce the operating expenses to improve the profitability and should frame a good credit policy to speed up the collection period.

Grag and Gupta.,[7] (2011) in their article "State Financial Corporations and Industrial Development (A case study of Punjab Financial Corporation and Harayana Financial Corporation)" attempted to evaluate the role played by state financial corporations in the development of industry in their respective states, i.e. Punjab and Harayana.

SCOPE OF THE STUDY

The present study is aimed at measuring the growth and development of SSI/MSMEs and comparing SSI units registered through TIIC with variables like the total number of

SSI units in Theni district, amount sanctioned through TIIC in Theni district were compared with Tamil Nadu. The term loan applications, amount sanctioned and disbursement was also included for this analysis. The constraints faced by the respondents, factors motivated the respondents to start the business. The perception of the respondents to institutional support entered by TIIC and financial impact of TIIC support on respondents play a vital role in the present study.

SAMPLING DESIGN

As per the annual report of MSME 2018-2019, there were 8670 units functioning in Theni district out of which it was found that there was 1251 food processing units, 853 textile units, 1096 transport oriented units and 5470 other units. In the present study; it has been derived that 10 per cent of the functioning units may be enough to draw meaningful inferences from the study. Hence, it has been decided to fix the total sample size of 320 units (10 per cent). The respondents from each category were selected by taking into consideration their experience in the field of business which was fixed as ten years (125 units from food processing industries, 85 units from textile industries and 110 units from transport industries). The proportionate random sampling method was followed to choose the sampling units.

FIELD WORK AND COLLECTION OF DATA

Fieldwork for the study was conducted from August 2019 to January 2020. The primary data were collected by personal interview of the selected respondents by using an interview schedule. The respondents were interviewed in their factories by the researcher during their office time. Before starting the actual data collection, the respondents were familiarised with the purpose and the objectives of the present study. The interview was quite informal and was in a conversational style. The interview schedule was administered in the vernacular language and the data were recorded by the researcher in the interview schedule. The interviews were conducted individually with each respondent, so as to avoid bias in response. Every possible care was taken to ensure the accuracy and reliability of information.

DATA PROCESSING

After completing the data collection, the filled in interview schedules were edited to make them ready for coding; master tables were prepared in order to incorporate all the information available in the interview schedules. Computer facility was used to record the data from interview schedules. Classifications of tables were prepared with the help of the data collected from the respondents and they were fed into the computer. The analysis of data was made with the help of desk calculators also.

Table 1: Demographic Consideration of the Respondents

Gender	Number of Respondents			Total
	Food Processing Industry	Textile Industry	Transport Industry	
Male	102 (81.6)	71 (83.5)	110 (100)	283 (88.4)
Female	23 (18.4)	14 (16.5)	0	37 (11.6)
Total	125 (39.1)	85 (26.6)	110 (34.4)	320 (100)
Marital Status				
Married	95 (76.0)	70 (82.4)	75 (68.2)	240 (75)
Unmarried	30 (24)	15 (17.6)	35 (31.8)	80 (25)
Total	125 (39.1)	85 (26.6)	110 (34.4)	320 (100)
Age Group				
Below 30	52 (41.6)	32 (37.6)	53 (48.7)	137 (42.8)
31 – 40	73 (58.4)	25 (29.4)	54 (49.0)	152 (47.5)
41 – 50	0	15 (17.6)	3 (2.72)	18 (5.6)
Above 51	0	13 (15.29)	0	13 (4.1)
Total	125 (39.1)	85 (26.6)	110 (34.4)	320 (100)
Educational status				
Up to High School	26 (20.8)	11 (12.9)	43 (39.1)	80 (25.08)
Intermediate	5 (4.0)	17 (20.0)	41 (37.3)	63 (19.7)
Graduate	30 (24.0)	16 (18.8)	11 (10.0)	57 (17.72)
Post Graduate	43 (34.4)	16 (18.8)	11 (10.0)	70 (21.9)
Engineering Degree	13 (10.4)	19 (22.4)	0	32 (10.0)
Technical Degree	8 (6.4)	6 (7.1)	4 (3.6)	18 (5.6)
Total	125 (39.1)	85 (26.6)	110 (34.4)	320 (100)
Investment				
>50,00,000	89 (71.2)	33 (38.8)	72 (65.5)	194 (60.6)
< 50,00,000	36 (28.8)	52 (61.2)	38 (34.5)	120 (37.5)
Total	125 (39.1)	85 (26.6)	110 (34.4)	320 (100)

Source: Primary data

Figures in parentheses denote percentages.

It is inferred from Table 1 that 88.4 per cent of the respondents are male and only 11.6 per cent of the respondents are female. Among the transport, textile and food processing industries the dominant sex is the male, which constituted 100, 83.5 and 81.6 per cent of its respective total. From the above table it was inferred that the dominant sex among the respondents is male. It is due to the fact that women entrepreneurs face a number of problems and hesitate to undertake risk. The 320 respondents, 75 per cent of the respondents were married and 25 per cent unmarried. The married respondents of food processing, textile and transport industries constituted 76.0, 82.4 and 68.2 per cent of the respective total. The unmarried respondents among the food processing, textile and transport industries constituted 24.0, 17.6 and 31.8 per cent of the respective total. From the above table it is inferred that the dominant class among the respondents was married. The respondents were in the age group of 31-40 years, 42.8 per cent in the age group of below 30 years, 5.6 per cent in the age group of 41-50 years and the number of respondents who belonged to the age group of 51 and above years constituted 4.1 per cent of the total respondents. Among the respondents of food processing industry, the dominant age group was 31-40 years which alone constituted was below 30 years which constituted 37.6 per cent of the 85 respondents. Among the respondents of transport industry the dominant age group was 31-40 years which constituted 49.0 per cent of the 110 respondents. The majorities of 25.08 per cent of the total respondents were up to high school and 21.9 per cent of the respondents were with post graduate. Only 19.7 per cent of the respondents came under the category of intermediate. The number of respondents with Graduate, Engineering and Technical Degree constituted 17.2, 10.0 and 5.6 per cent of its respective total. Among respondents from food processing industry, the highest level of education was post Graduation which constituted 34.4 per cent, among the respondents from textile industry, the highest level of education was Engineering which constituted 22.4 per cent of the total and among the respondents from the transport industry the highest level of education was up to High School level constituted 39.1 per cent. The 60.6 per cent of industrial units were started less than Rs. 50, 00,000 and 37.5 per cent of industrial units were started more than Rs.50,00,000. Among the food processing industry, textile industry and transport industry which constituted 71.2 per cent, 38.8 per cent and 65.5 per cent respectively, started in less than Rs.50, 00,000. Among the above industries 28.8 per cent, 61.2 per cent and 34.5 per cent respectively started in more than Rs.50, 000.

FACTOR ANALYSIS

As some of the statements have common components which correlated with one another because of the common factors. To find out the inter-relationship, factor analysis technique is to be adopted.

Factor analysis a tool applicable, when there is a systematic interdependence among a set of observed of manifest variables and the person is interested in finding out something more fundamental or latent which creates this communality. It seeks to resolve a large set of measured variables, in terms of relatively few categories, known as factors. A factor is an underlying dimension that accounts for several observed variables.

The meaning and name of such new variable is subjectively determined by the researcher. Since the factors happen to be linear combinations of data, the co-ordination of each observation or variable is measured to obtain the factor loadings. Such factor loadings represent the correlation between the variables and factors. When the sum of squared values of factors loadings relating to a factor is taken, such sum is referred to as eigen value or latent root. Eigen value indicates the relative importance of each factor in accounting for the particular set of variables being analysed. For realistic results, the technique of rotation is adopted, because such rotation reveals different structures in the data.

Mathematically, factor analysis is somewhat similar to multiple regression analysis. Each variable is expressed as a linear combination of under-lying factors. The amount of variance, a variable share with all the other variables included in the analysis is referred to as communality. The co-variation among the variables is described in terms of a small number of common factors plus a unique factor for each variable. These factors are not observed. If the variables are standardised, the factor model may be represented as:

$X_i = A_{ij}F_1+A_{i2}F_2+A_{i3}+F_3+\ldots\ldots A_{im}F_m+V_iU_i$

Where,

X_i	=	i^{th}standardised variable
A_{ij}	=	Standardised multiple regression co-efficient of Variable I on common factor j
F	=	Common factor
V_i	=	Standardised regression co-efficient of variable I on unique factor
U_i	=	The Unique factor for variable i
M	=	Number of common factor

The unique factors are uncorrelated with each other and the common factors themselves can be expressed as linear combinations of the observed variables.

$$F_i = W_{i1}X_1 +W_{i2}X_2 +W_{i3}X_3 =\ldots\ldots W_{ik} +X_k$$

Where,

F_i = Estimate of i^{th} factor score co-efficient

W_i = Weight of factor score co-efficient

K = Number of variables

It is possible to select a weight or factor score co-efficient, so that the first factor explains the largest portion of the total variance. Then a second set of weights can be selected so that the second factor accounts for most of the residual variance, subject to being uncorrelated with the first factor. The same principle could be applied for selecting additional weights for the additional factors. Thus the factors can be estimated so that their factor scores, unlike the value of original value, are not correlated. Furthermore, the first factor accounts for the highest variance in the date, the second highest and so on.

The rotated factor matrix motivated to start business is given in Table 2

Factors Motivated the Respondents to Start Business

The factor analysis of the thirty four attributes relating to the factors motivated the respondents to start business with ten factors and the results are presented in Table 2.

Table 2 : Rotated Factor Matrix for Factors Motivating to Start Micro Enterprises

Sl. No	Name of the Factors	Variables	Cranach's Alpha	Eigen Value	Percentage of Variance	Factor Loadings	Communality
1	**Hereditary**	Entrepreneurial knowledge problem solving	0.657	3.573	10.2	0.67173	0.62807
2		Knowledge in efficient management.				0.65397	0.59571
3		Knowledge of efficient management in MMM.				0.62167	0.54537
4		Have guided a lot.				0.45936	0.55713
1	**Economic Background**	Sound enough to start the business	0.762	2.642	7.6	0.75587	0.69099
2		Knowledge of ways and means of starting business.				0.66994	0.59236
3		Availability of Raw materials.				0.49364	0.68623
4		Easy Location.				0.43690	0.54324
5		Access to finance in many ways				0.42327	0.69188
1	**Financial Institution**	Subsidies are made known to entrepreneur.	0.752	2.396	6.8	0.81646	0.74070
2		Subsidies are also made available to entrepreneur.				0.75433	0.69729
3		Financiers are against developing entrepreneurs.				0.53015	0.51325

4		Easy approach to officials				0.42838	0.45096
1	**Entrepreneurs in Business**	Eagerness to learn and earn.	0.738	2.071	5.9	0.74673	0.59919
2		Experience gained from forefathers.				0.73395	0.59103
3		To take more risk out of experience.				0.70519	0.62118
4		Easy approach to officials				0.58711	0.66542
1	**Subsidy and Assistance**	Availability of subsidy at various levels.	0.661	1.794	5.1	0.69148	0.60342
2		Availability of subsidy on many schemes				0.68038	0.60506
3		Entrepreneur development programme assistance when needed.				0.60634	0.57291
4		Repayment of holiday				0.56654	0.61419
1	**Source of Finance**	Finance at low rate of interest.	0.683	1.41	5.0	0.81822	0.74011
2		Loan at easy repayment modes.				0.80060	0.78240
3		Loan with subsidy				065793	0.66299
1	**Assistance through TIIC**	Technical and administrative assistance are provided	0.762	1.612	4.6	-0.62034	0.68163
2		Consultancy and marketing assistance are provided				-0.56497	0.65283

Source: Computed Data

Kaisar –Meyer- olikin measures of sampling adequacy = 0 .788

High value of Kaiser-Meyer-Olikin Measure of Sampling Adequacy (0.738) indicates the correlation between the pairs of variables explained by other variables and thus factor analysis was considered to be appropriate in this model.

Factor 1 : Hereditary

Among the variables of expectations of an entrepreneur namely 'hereditary', the variables such as 'entrepreneurial knowledge problem solving', 'knowledge in efficient management', knowledge of efficient management in MMM', and 'have guided a lot' constituted Factor 1 with higher factor loadings. These four variables with higher factor loadings on Factor 1 is characterised as 'hereditary'. All the four attributes have a high communality indicating that the attributes within Factor1 have very high association among them.

With regard to the factor, hereditary, the variable like 'entrepreneurial knowledge problem solving' and 'knowledge in efficient management' were the first and second highest factors with the loading of 0.671 and 0.653 respectively and a high communality of 0.628 and 0.595 respectively. The variable 'have guided a lot' was the least factor with the loading of 0.459 and a low communality 0.557.

Factor 2 : Economic Background

Among the variables of expectations of an entrepreneur, namely 'sound enough to start the business', 'knowledge of ways and means of starting business', availability of raw materials', 'easy location' and 'access to finance in many ways' constituted Factor 2 with higher factor loadings. These five variables on Factor 2 are characterised as economic background. All the five attributes have a high communality indicating that the attributes within Factor 2 have very high association among them.

Regarding the factor economic background the variable 'sound enough to start the business' was the first highest factor with the loading of 0.755 and a high communality of 0.690 and 'access to finance in many ways' was the least factor with the loading of 0.423 and a low communality of 0.691.

Factor 3: Financial Institution

Among the variables of expectations of an entrepreneur, namely 'financial institutions', the variables such as 'subsidies are made known to entrepreneur', 'subsidies are also made available to entrepreneur', 'financiers are against developing entrepreneurs' and 'easy approach to officials' constituted Factor 3 with higher factor loadings. These four variables on Factor 3 are characterised as financial institution. All the four attributes have a high communality indicating that the attributes within Factor 3 have very high association among them.

Regarding the factor financial institution the variable 'subsidies are made known to entrepreneur' was the first highest factor with the loading of 0.816 and a high

communality of 0.740 and 'easy approach to officials' was the least factor with the loading of 0.428 and a low communality of 0.450.

Factor 4: Entrepreneurs in Business

Among the variables of expectations of an entrepreneur, namely 'entrepreneurs in business', the variables such as 'eagerness to learn and earn', 'experience gained from forefathers', 'to take more risk of experience' and 'easy approach to officials' constituted Factor 4 with higher factor loadings. These four variables on Factor 4 are characterised as entrepreneur in business. All the four attributes have a high communality indicating that the attributes within Factor 4 have very high association.

'eagerness to learn and earn' came first with the highest factor with the loading of 0.746 and a communality of 0.599 under 'entrepreneur in business' and 'easy approach to official' came last as the least factor with the loading of 0.587 and a high communality of 0.665.

Factor 5 : Subsidy and Assistance

Among the variables of expectations of an entrepreneur, namely 'subsidy and assistance', the variables such as 'availability of subsidy at various level', 'availability of subsidy on many scheme', 'entrepreneur development programme assistance' and 'repayment holiday' constituted Factor 5 with higher factor loadings. These four variables on Factor 5 are characterised as subsidy a assistance. All the four attributes have a high communality indicating that the attributes within Factor 5 have high association.

With regard to the factor subsidy and assistance, the variables like 'availability of subsidy at various levels' and 'availability of subsidy on many schemes' were the first and second highest factors with loading of 0.691 and 0.680 respectively and a communality of 0.603 and 0.605 respectively. The variable 'repayment of holiday' was the least factor with the loading of 0.566 and a high communality of 0.614.

Factor 6 : Source of Finance

Among the variables of expectations of an entrepreneur, namely 'source of finance', the variables such as 'finance at low rate of interest', 'loan at easy repayment modes' and 'loan with subsidy' constituted Factor 6 with higher factor loadings. These three variables on factor 6 are characterised as source of finance. All the three attributes have a high communality indicating that the attributes within Factor 6 have very high association.

The analysis on the factor source of finance revealed that 'finance at low rate of interest' came the highest factor with the loading of 0.818 and a communality of 0.740. The variable 'loan with subsidy' was the least factor with the loading of 0.657 and a high communality of 0.662.

Factor 7

Among the variables of expectations of an entrepreneur, namely 'assistance through TIIC' the variables such as 'technical and administrative assistance are provided' and 'consultancy and marketing assistance are provided' constituted Factor 7 with higher factor loadings. These two variables on Factor 7 are characterised as assistance through TIIC. Both the attributes have a high communality indicating that the attributes within Factor 7 have very association.

The analysis on the factor assistance through TIIC revealed that 'technical and administrative assistance are provided' came first as the highest factor with the loading of -0.620 and a high communality of 0.681 and the factor 'consultancy and marketing assistance are provided' came second as the factor with the loading of -0.564 and a communality of 0.652.

The Eigen value for the first factor hereditary is 3.573, which indicates that the factor contains much higher information than the other factor. The percentage of variance is 10.2. Hereditary provides maximum insights into the respondents in the study area.

The second and third factors namely economic background and financial institution for 7.6 and 6.8 per cent variance with Eigen values of 2.642 and 2.396 respectively. The fourth and fifth factors namely entrepreneurs in business and subsidy and assistance account for 5.9 and 5.1 per cent variance with Eigen values of 2.071 and 1.794 respectively. The sixth and seventh factor account for 5.0 and 4.6 per cent variance with Eigen values of 1.794 and 1.410 respectively. The eighth and ninth factors account for 4.1 and 3.9 per cent variance with Eigen values of 1.449 and 1.335 respectively. Finally, financial assistance has 3.7 per cent variance with Eigen value of 1.278.

SUGGESTIONS

TIIC is mainly a referencing organization and charge is more rates of interest than commercial banks.

TIIC must be allowed to have accessibility to international financial institutions to borrow its requirements at cheaper rate of interest. This will facilitate TIIC to grant loans at competitive rates of interest to Small-scale industrial sector.

Most of the beneficiaries of TIIC had borrowed loans from it to commence new business. Sufficient exposures to these porsons relating to market information may be given by TIIC in collaboration with Industrial Association and District Industries Centers. Training programme may be organised to them in which TIIC may take a mind of the clients which will in turn to attract them to prefer TIIC for subsequent borrowings at the time of expansion and diversification of business activities.

The governing bodies of TIIC may be winded both at the headquarters level and regional level so as to include trade associations in the respective areas in decision-making process. This will help from TIIC to identify the thrust area where more concentration is to be given. Moreover, this will help in bettering its recovery performance also.

Without diluting the recovery measures which are considered to be both its strength and weakness, TIIC must evolve a suitable system where the prompt repayers is adequately rewarded. The present system of classifying borrowers as prompt, marginal and chronic must be done away with, as it fails to derive desired result except in certain areas. The reward may be in the form of granting priority for subsequent loans, giving a berth in the decision making bodies of TIIC and the like.

TIIC must make use of mass media and the latest technology to advertise its operations and schemes so as to bring the message to larger number of people.

In order to expand its operation in a significant manner, particularly in SSI area, TIIC should diversify its lending activities on hi-tech lines such as agriculture, floriculture, hatcheries and hi-tech forming.

As a leading state-level financial institution committed for industrialisation of Tamil Nadu, TIIC should not confine its role as a financing agency alone. Instead of being a ruthless creditors, more sympathetic approach may be bestowed on deserving clients, besides processing the application for loans within the least time possible and rescheduling the loan in appropriate cases, TIIC must effectively engage in supporting activities like counseling, merchant banking and allied areas. Professionalisation of management is essential to undertake the above functions. In order to broaden its base by enlarging its services, TIIC may provide loans to larger number of person instead of granting loans to a very few, further along with other agencies TIIC must take a lead role in motivating budding respondents.

Since the levels of attitude of the borrowers are significantly influenced by the factors like the form of organization, gender, age, literary level and experience of the borrowers it is suggested that TIIC may note these factors while clearing loan applications.

CONCLUSION

The achieved had been magnificent. The analaysis leads us to conclude that the growth and development of SSI sector in the study area in terms of number of units registered, amount applied, sanctioned and sanctioned amount compared with Tamil Nadu also been significant with the assistance of TIIC. The problems faced by SSI sector was found to be in respect of labour turnover, heavy competition for marketing their product and getting adequate working capital on time. As a leading State-level organization, rendering financial assistance to SSI sector and the corporation should take almost care to see that its good efforts result in achieving its objective of helping orderly industrial development in the district by making its lending policy innovative and effective**.** The development of SSI units in Thenidistrict depends upon the development of TIIC. If the suggestions started in the present study are carried over in letter and spirit, TIIC may perform better in the years to come. This will accelerate the growth of SSI sector in the areas of technological up-gradation, efficient marketing, effective personnel management and successful export performance in the globalisation era.

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