



A Study On The Support Of District Industries Centre In Promoting Micro, Small, And Medium Enterprises

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Abstract

The Micro, Small, and Medium Enterprises (MSMEs) sector plays a vital role in the economic and social development of India. It contributes significantly to employment generation, equitable distribution of income, balanced regional development, and promotion of indigenous technology. The Government of India, recognizing the importance of MSMEs, has introduced several policies and schemes to strengthen this sector. Among the various institutional mechanisms, the District Industries Centres (DICs) were established to act as the nodal agency for supporting MSMEs at the district level.

DIC for MSME is a crucial part of India's industrial ecosystem, and hence concludes. DICs further support MSMEs by providing financial support, training programs and access to government schemes. These resources can serve as benefits for entrepreneurs in starting, keeping and growing businesses. Some challenges still exist, however, but DICs help small businesses thrive in a market where competition is fierce.

DICs should offer their services as entrepreneurs should take full advantage of their services to propel their businesses towards success. The Government's continued effort to support MSMEs along with the resources provided by DICs will help India's industrial sector grow. Collaboration and awareness will allow MSMEs to continue to contribute to the country's economy, and provide jobs while promoting sustainable development.

KeyWords

District Industries Centres (DICs), Micro, Small, and Medium Enterprises (MSMEs), Virudhunagar District, Entrepreneurs, SIDBI

1.1 Introduction

The Micro, Small, and Medium Enterprises (MSMEs) sector plays a vital role in the economic and social development of India. It contributes significantly to employment generation, equitable distribution of income, balanced regional development, and promotion of indigenous technology. The Government of India, recognizing the importance of MSMEs, has introduced several policies and schemes to strengthen this sector. Among the various institutional mechanisms, the District Industries Centres (DICs) were established to act as the nodal agency for supporting MSMEs at the district level.

The DICs, initiated in 1978, were envisioned as a one-stop solution to support micro and small entrepreneurs in starting and running their businesses. Their roles include facilitating registrations, extending support through government schemes, organizing training programs, and coordinating with financial institutions. Over time, the effectiveness and reach of DICs have varied across regions, influenced by administrative, infrastructural, and socio-economic factors.

This study seeks to evaluate the support extended by DICs in the development of MSMEs, with a specific focus on the services provided, challenges faced by entrepreneurs, and the overall impact on business sustainability and growth.

1.2 Statement of the Problem

Despite the concerted efforts by the government and the institutional framework provided by the DICs, many MSMEs continue to struggle with issues such as access to finance, lack of awareness about schemes, inadequate training, and poor market linkages. There appears to be a gap between policy formulation and implementation at the grassroots level. This study aims to investigate:

- How effective are the DICs in delivering their intended support?
- Are MSME entrepreneurs aware of and able to utilize the services of DIC?
- What challenges hinder the DICs from functioning effectively?

1.3 Objectives of the Study

The primary objectives of this research are:

1. To assess the level of support provided by the District Industries Centre to MSMEs.
2. To evaluate the awareness and utilization of DIC services by MSME entrepreneurs.
3. To examine the challenges faced by MSMEs in availing of DIC assistance.
4. To provide suggestions for improving the efficiency and outreach of DICs in MSME development.

1.4 Scope and Significance of the Study

The study focuses on a selected district, with a representative sample of MSMEs that have availed or attempted to avail support from the local DIC. The research encompasses both manufacturing and service enterprises classified under the MSME definition. The findings of the study are expected to provide insights for policymakers, local administrators, and entrepreneurs themselves on strengthening institutional support mechanisms.

1.5 Research Design

The study adopts a descriptive and analytical research design. It aims to describe the role and functioning of the District Industries Centre (DIC) in supporting MSMEs and analyze the level of awareness, satisfaction, and challenges faced by MSME entrepreneurs regarding DIC services.

1.6 Area of the Study

The research was conducted in the Virudhunagar District of Tamil Nadu, a region with a strong presence of micro and small enterprises, particularly in sectors such as match industries, fireworks, printing, and allied trades. The district also has an active DIC office serving the industrial community.

1.7 Population and Sampling

- **Target Population:** The target population includes owners or managers of registered MSMEs and key officials at the District Industries Centre.
- **Sampling Method:** A purposive sampling method was used to select MSME units that had some interaction with DIC.
- **Sample Size:**
 - 50 MSME entrepreneurs
 - 5 DIC officials (for qualitative interviews)

The sample size is adequate for drawing general observations about the DIC's support in the district.

1.8 Sources of Data

1.8.1 Primary Data

Collected using structured questionnaires, personal interviews, and telephonic interactions with entrepreneurs and DIC officials.

1.8.2 Secondary Data

Collected from:

- Government publications and DIC annual reports

- Policy documents from the Ministry of MSME
- Journals, research articles, and books
- Official websites (e.g., www.msme.gov.in)

1.9 Hypotheses (if applicable)

The following hypotheses were considered for testing:

- **H₀:** There is no significant relationship between the awareness of DIC services and the type of enterprise.
- **H₁:** There is a significant relationship between the type of support received and the growth of MSMEs.

1.10 Period of the Study

The data collection was carried out over a three-month period between October and December 2025. The study reflects the status and performance of DIC support during the preceding two years (2024–2025).

1.11 Limitations of the Methodology

- Some respondents were hesitant to share business details, limiting depth.
- Not all sectors within MSMEs could be proportionally represented.
- Response bias might affect accuracy, especially regarding satisfaction levels.
- The study is limited to one district and may not be generalizable to all regions.
- It relies on self-reported data from entrepreneurs, which may involve bias.
- Accessibility and cooperation of DIC officials and MSME owners may influence the depth of data.

2.1 Review of Literature

A literature review is essential in identifying the theoretical framework and understanding past studies related to MSME development and institutional support mechanisms such as the District Industries Centres (DICs). This chapter reviews relevant scholarly articles, policy papers, government reports, and empirical studies that address the role of DICs, MSME challenges, and development strategies.

2.2 Overview of MSME Sector in India

Studies such as those by SIDBI (2022) and MSME Ministry Annual Reports highlight the significant contribution of MSMEs to GDP, exports, and employment. As per government estimates, MSMEs account for around 30% of GDP and 48% of exports, employing over 110 million people. Yet, they face challenges in financing, compliance, and market access.

2.3 Gaps in the Existing Literature

- Limited micro-level district-wise studies evaluating the actual performance of DICs
- Inadequate focus on beneficiary satisfaction and feedback
- Lack of comparative analysis between registered MSMEs and unregistered small enterprises
- Few studies assess how DICs adapt to digital service delivery in a post-COVID era

3. Profile of MSMEs and District Industries Centre

3.1 Introduction

This chapter presents the contextual background necessary to understand the environment in which the study was conducted. It covers the profile of MSMEs, their classification, characteristics, and challenges, as well as the institutional structure and functions of the District Industries Centre (DIC), with special reference to the selected district—Virudhunagar. The Micro, Small, and Medium Enterprises (MSMEs) sector is considered the backbone of the Indian economy. As per the MSME Annual Report 2023-24, there are over 6.3 crore MSMEs in India, contributing approximately 30% to the national GDP, 48% to exports, and employing around 110 million people.

Classification of MSMEs (As per MSMED Act, 2006 – Revised 2020):

Category	Investment in Plant & Machinery/Equipment	Annual Turnover
Micro	Up to ₹1 crore	Up to ₹5 crore
Small	Up to ₹10 crore	Up to ₹50 crore
Medium	Up to ₹50 crore	Up to ₹250 crore

3.2 Demographic Profile of Respondents

A total of 50 MSME entrepreneurs participated in the survey.

Particulars	Categories
Gender	Male (78%), Female (22%)
Age Group	Below 30 (20%), 30–45 (48%), 45+ (32%)
Education Level	SSLC (15%), HSC (25%), UG (40%), PG (20%)
Nature of Enterprise	Manufacturing (60%), Services (40%)
Type of MSME	Micro (72%), Small (24%), Medium (4%)

The majority of respondents are male entrepreneurs between 30–45 years, managing micro and small units in manufacturing.

3.3 Awareness of DIC Services

Awareness Level	Respondents	Percentage
Fully Aware of DIC services	38	38%
Partially Aware	42	42%
Not Aware	20	20%

Only 38% of the respondents are fully aware of the services offered by the DIC, indicating a significant gap in outreach.

3.4 Types of Support Availed from DIC

Type of Support	Respondents	Percentage
Project Guidance	65	65%
Financial Linkage (Bank Loans)	58	58%
Subsidy Support (e.g., PMEGP)	40	40%
EDP / Skill Training	22	22%
Marketing/Raw Material Help	18	18%

While 58% are satisfied or highly satisfied, 18% expressed dissatisfaction, mainly due to delays and lack of follow-up.

3.5 Challenges Faced in Availing DIC Support

Challenges	Respondents	Percentage
Procedural delays	34	34%
Lack of awareness	25	25%
Documentation issues	18	18%
Lack of handholding after initial help	15	15%
Language and digital barriers	8	8%

Around 70% of the respondents noted an improvement in their enterprise after DIC intervention, validating its positive role.

3.6 Feedback from DIC Officials (Qualitative Insights)

Interviews with 5 DIC officers revealed the following:

- High demand for financial assistance schemes like PMEGP and UYEGP
- Staffing limitations and increased workload affect service quality
- Low attendance in training programs due to lack of awareness or interest
- Need for digital literacy and follow-up mechanisms among entrepreneurs

4.1 Findings, Suggestions, and Conclusion

This chapter summarizes the major findings derived from the analysis, provides suggestions for enhancing the effectiveness of the District Industries Centre (DIC), and concludes the study by highlighting its contributions, limitations, and scope for future research.

4.2 Major Findings

4.2.1 General Profile

- The majority of MSME entrepreneurs surveyed were male (78%) in the age group of 30–45 years.
- Most enterprises were classified as micro enterprises (72%) and predominantly involved in manufacturing activities (60%).

4.2.2 Awareness and Utilization of DIC Services

- Only 38% of entrepreneurs were fully aware of DIC services, indicating a significant gap in outreach efforts.
- Awareness was higher among entrepreneurs who had previously participated in Entrepreneurship Development Programs (EDPs).

4.2.3 Nature of Support Availed

- Project guidance (65%) and financial linkage (58%) were the most commonly availed forms of support.
- Other support areas like marketing assistance, skill training, and raw material facilitation remained underutilized.

4.2.4 Satisfaction and Challenges

- While 58% of respondents were satisfied or highly satisfied with DIC support, 18% expressed dissatisfaction, mainly due to delays, bureaucracy, and lack of follow-up.
- Key challenges included:

- Procedural complexity (34%)
- Lack of awareness (25%)
- Inadequate documentation assistance (18%)

4.2.5 Impact on Enterprise Growth

- 70% of respondents observed moderate to significant improvements in their business performance after receiving support from DIC.
- Those who availed of multiple services (e.g., finance + training + marketing) reported the highest business growth.

4.2.6 Institutional Insights

- DIC officials confirmed a high demand for financial assistance schemes like PMEGP and UYEGP.
- Manpower shortage, lack of automation, and poor attendance in training programs were cited as internal challenges.

5.3 Suggestions

5.3.1 Strengthen Awareness and Outreach

- Organize regular awareness camps and entrepreneurship drives, especially in rural and semi-urban areas.
- Use digital platforms, SMS alerts, and local media to disseminate scheme details.

5.3.2 Simplify Procedures and Documentation

- Develop simplified, user-friendly application formats for MSME schemes.
- Provide handholding support and help desks at DIC for new entrepreneurs.

5.3.3 Strengthen Follow-Up and Monitoring

- Introduce post-sanction follow-up programs to assess effectiveness and ensure optimal use of support provided.
- Implement periodic feedback systems to capture beneficiary opinions.

5.3.4 Build Capacity and Digitize Operations

- Enhance staff strength and provide training to DIC officers on scheme updates and digital processes.
- Automate routine functions such as application status tracking, certificate issuance, and scheme eligibility assessment.

5.3.5 Promote Inclusive and Sector-Specific Support

- Encourage participation from women entrepreneurs and youth through targeted schemes.
- Support cluster development based on local industry strengths (e.g., fireworks, printing in Virudhunagar).

6.1 Conclusion

The District Industries Centre plays a crucial role in facilitating the development of micro, small, and medium enterprises. While it provides valuable support in terms of project guidance, credit linkage, and scheme facilitation, its potential is undermined by limited awareness, procedural delays, and resource constraints. Strengthening the DIC mechanism through digital adoption, outreach, and stakeholder engagement can transform it into a more efficient engine of local economic development. The study reaffirms the importance of district-level institutions in realizing the national vision of inclusive and sustainable MSME growth.

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