

Liability of Entrepreneurs in Economic Evolution: An Intensive Investigation in Virudhunagar District

Dr. A. Mohini

*M.A.,M.Phil.,B.Ed.,M.Sc.,MTM.,PGDCA.,P.hd. Associate Professor of History, V.H.N.S.N.College
(A),Virudhunagar, Tamilnadu, India.*

I. Introduction

Entrepreneurs are people who create new businesses, which help create new jobs for people. They help in intensifying competition, with the help of technology they master in increasing productivity and thus contributing in the development of the country, followed by economic growth. So it can be said that entrepreneurship is good for economic growth. The paper will justify how far this stands true in reality. Large scale industries are the industries which require huge infrastructure, huge capital investment, large number of employees and very high output. Most of the developed countries of the world like USA, Russia, Germany, Japan and Australia have fully developed large scale industries. The developed countries' economic status is decided only through the large scale industries. So the Government of India took various measures to develop the large scale industry in every state, aiming at fast economic development. Virudhunagar District², having this fact in mind, with the financial, technical and administrative support of the Entrepreneurs and Central and the state Governments went in for development of large scale industries. Entrepreneurs have become increasingly important in the Large and Small scale industries. Research suggests motivational traits are important in pursuing entrepreneurial activities. This study assessed the influence of goal orientation and self-efficacy in predicating entrepreneurial and managerial career in industrial development.

II. Concept Of Entrepreneurs

The concept of entrepreneurs has a wide range of meanings. On the one extreme an entrepreneur is a person of very high aptitude who pioneers change, possessing characteristics found in only a very small fraction of the population. On the other extreme of definitions, anyone who wants to work for himself or herself is considered to be an entrepreneur.

Role Of Entrepreneurs In The Field Of Industries

Entrepreneurs are an important engine of growth in the economy of every country³. They want to start a business instead of working for someone else in his business. While entrepreneurs must deal with a larger number of obstacles and fears than hourly or salaried employees, the payoff may be far greater as well. An Entrepreneur supplies risk capital as a risk taker and monitors and controls the business activities. The Entrepreneur is usually a sole proprietor a partner and owns majority of shares in an incorporated ventures.

Characteristics And Skills Of Entrepreneurs:

Entrepreneurs are like gamblers, and like any gamblers, their chances of winning increase if they have the right cards. Let's look at some characteristic and skills that help an entrepreneur to succeed⁴

- He is a person who develops and owns his own enterprise
- He is a moderate risk taker and works under uncertainty for achieving the goal.
- He is innovative
- He peruses the deviant pursuits
- Reflects strong urge to be independent.
- Persistently tries to do something better.
- Dissatisfied with routine activities.
- Prepared to withstand the hard life.
- Determined but patient
- Exhibits sense of leadership
- Also exhibits sense of competitiveness
- Takes personal responsibility
- Oriented towards the future.
- Tends to persist in the face to adversity
- Convert a situation into opportunity

III. Methodology And Field Area Of The Study

For this study mixed method were used in Virudhunagar District, Tamil Nadu. Virudhunagar District the name was coined on 2001⁵ which was formerly known as kamarajar District in 1985⁶. The mixed method was required to yield data that could uncover the essential dynamics of different contexts. To study the effectiveness of participation, fieldwork was carried out in eight taluks in Virudhunagar District between July to December, 2015 (6 months). Survey method, Group discussion and Interviews were conducted with Entrepreneurs, friends and ancestors. The aim of field work was to examine the nature of the issue at grassroots level that are related to their progressive and developments. This paper focus on role of entrepreneurs on Large scale industries because it generate job opportunity, increased economic status, implanted with an accent on development and modernization of industries, upgratation of technology and quality control.

IV. Results And Discussions :

Virudhunagar District had its 11 blocks as per 2001 Census, viz. Aruppukottai, Kariapatti, Narikkudi, Rajapalayam, Sattur, Sivakasi, Srivilliputhur, Tiruchuli, Vembakottai, Virudhunagar and Watrap covering 4342 sq.km area. In It Sivakasi is a big industrial centre, because of its entrepreneur's conscious work. In fact the whole country depends on Sivakasi for its supply of fireworks and matches. As these industries are well developed, Sivakasi is nick named "Little Japan in India" by Mr. Jawaharlal Nehru. Here for research 200 respondents were analyzed by survey questionnaire in three way of major part such as description method, question relating to study variable and question to collect demographic information.

Facilities For Instituting Industries For Entrepreneurs In Virudhunagar District

Due to availability of several infrastructural facilities the Virudhunagar District achieved quite an appreciable success in the industrial map of Tamil Nadu as well as India. In Virudhunagar District all the facilities are available for the need of large scale industries like cotton, matches, cement, printing and firework⁷. The availability of natural resources and geographical resources facilitate the entrepreneurs to generate industries and also responsible for the progress of large, small scale and village industries.

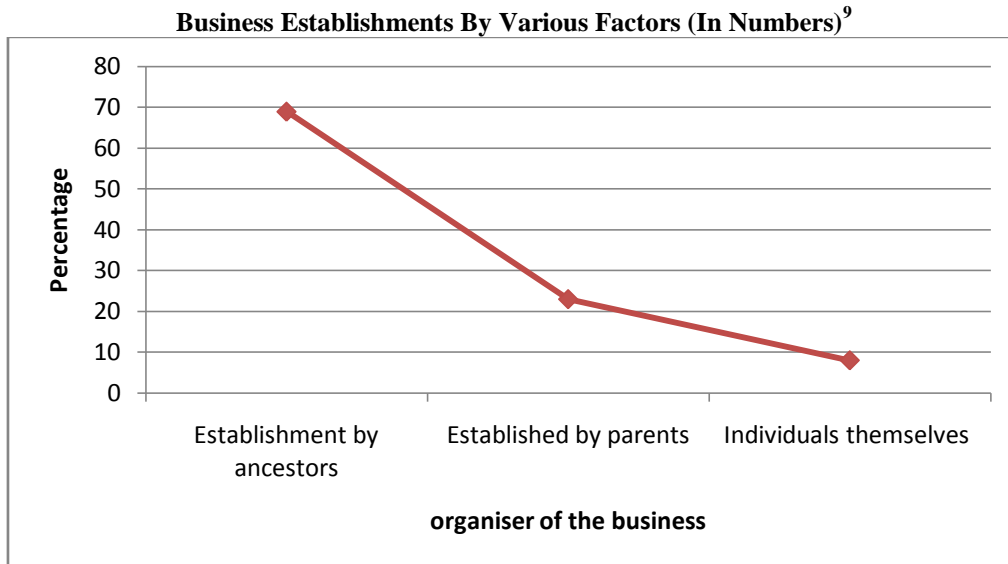
Categories Of Entrepreneurs In Virudhunagar District

In Virudhunagar District the industries were owned by three categories of entrepreneurs. The first belonged to the category where their ancestors established the industry, second belonged to the industry established by their parents and only the third and the last category belonged to the entrepreneurs who had started the industry by their own individuality. This can be better understood by the following table.

Business Establishment by Various Factors.⁸

Organiser of the Business	No of Establishments	Percentage
Establishment by ancestors	138	69%
Established by parents	46	23%
Individuals themselves	16	8%
Total	200	100

The table clearly shows the industries owned by three kinds of entrepreneurs. The first place was occupied by the entrepreneurs who owned the industry which their ancestors established, with a percentage of 69. The entrepreneurs who owned the company which their parents established were 23% only and they were one third of the former. The entrepreneurs who owned the industries which were started by their own individual interest were extremely less than the first and were only one eighth when compared with the first. This could be better understood from the following graph.



Sources Of Financial Investment For Industries

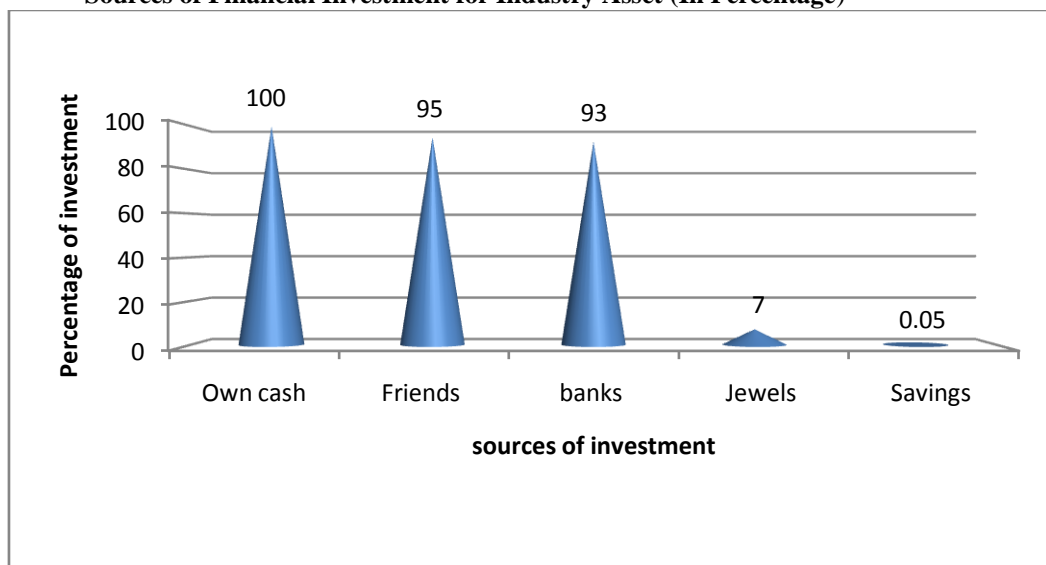
If an entrepreneur gets an idea to start an industry, the first and foremost requirement is investment. In the case of the large scale industry, the investment required is very much higher as the equipments and the space needed for the industry are so large and because labourers must be employed in large numbers⁹. The investment for an entrepreneur comes from by various sources. They are given in the following table.

Sources of Financial Investment for Industries.¹⁰

S.No	Source of investment	Percentage of investment
A	Own cash	100%
B	Friends	95%
C	Banks	93%
D	Jewels	7%
E	Savings	0.05%

It can be accounted from the table that the maximum finance that a businessman got was from his own cash and then from friends on share basis, followed by bank loans. The idea of starting an industry came to a person when he/she had knowledge and experience about the particular industry and had some money in hand. Then the industrialists were supported by their friends in the name of share and also banks lent support by lending some money through various schemes. The jewels which were given by their wives and their personal savings also helped the entrepreneurs to start their own industry which made their dream come true.

Sources of Financial Investment for Industry Asset (In Percentage)¹¹



Source Of Capital For Large Scale Industries:

In the history of industrial development in India, Tamil Nadu is the leading in state in terms of employment generation with 15.95 lakh persons employed and 36,996 numbers of factories in the registered manufacturing sector during the plan period of FY 12.(Five year plan) As per the Annual Survey of Industries Tamil Nadu recorded growth of 7.3% and contributed 8.6% to India’s GDP during the plan period of FY8-FY12. In India among 29 states Maharashtra, Gujarat, Andhra Pradesh and Tamil Nadu will be most economically developed states. In Tamil Nadu among 32 district, Virudhunagar District is one of the most favoured investment destinations due to its supply of emerges and success of entrepreneurs, skilled manpower, adequate availability of physical and social infrastructure and the proactive policies of District Industrial Centre. Because of competent entrepreneurs this district is engaged with nine different products as in the large scale operation namely, Matches, Fireworks, Printing, Cotton and Textiles, Explosives, Cement, Iron and Steel, Gypsum and Chip board and General engineering Most entrepreneurs find capital through private investors like friends, family and business associates, banks, suppliers, customers angel investors. The following table shows how the capital was accumulate for the establishment of Large scale industries

Source of Capital for Large Scale Industries.¹³

Industries	Own Cash	Banks	Friends
Litho press	64.5%	28.5%	7%(share)
Matches	65%	26.6%	-
Fireworks	40%	10%	-
Cotton	60%	20%	20%(Share)
Cement	50%	20%	30% (share)

The above table clearly states the source of investment for five different industries. The litho press was started with 64.5% own cash and 28.5% loans from bank. While the own cash accounted only for 60% for industries like matches, fireworks, cotton and cement, the remaining investment was made with the help of loans from bank, which accounted for 10% and shares given by their friends.

Even though the source of investment was the most important thing to start an industry the other sources played an important part in developing and running the industry successfully. From the data derived from the interview the attitudes and motives of the Entrepreneurs in Virudhunagar District were found to have a very positive note. From their opinions, it could be understood that it was not an easy job to start an industry and run the show successfully. There were many factors that contributed to the success of the industries. Some of them were positive attitude, family background, financial support, and right guidance¹⁴. The data given below shows the reasons for the development of industry and business in Virudhunagar District.

Reasons for Industrial Development in Virudhunagar District.¹⁵

Reasons	In Percentage
Due to development of other industry and business	90%
Good Market	42%
Regular supply of goods	60%
Efficiency in business	89.80%
Bold capital investments	42%
Loss or profit taken as normal	85%
Hard work	90%

The reasons for the development of the industry were discussed at random as all the sources were equally important for the development of the industry. The most important reason was the efficiency of the entrepreneurs in developing their industry. The idea and knowledge to develop and run the industry successfully was motivated by their co-proprietors of developed industry in the district and also from the grown industries in other parts of the country and the state¹⁶. Good market also determined the development of an industry. If there was no market the stock they produced would go in vain. In Virudhunagar District the entrepreneurs were lucky that they had an average market through which the entire population was attracted to their products. Good supply of raw materials for their industries to produce their products was collected either from agricultural lands or from small scale industries¹⁷. The labour force engaged was the other main reason for an industry to function properly.

Reasons for Industrial Development in Virudhunagar District.¹⁸



Last but not least, the industry must withstand during its harder times. Once an industry is set on to roll, there could be so many hurdles industrialists have to overcome. Some of them had even withdrawn from the business considering those hurdles as a block due to the lack of the right guidance/support while others had successfully challenged it, continued and improved its progress by considering those hurdles as stepping stones. Among them, 93% of the people in the sample favourably replied that they would continue their business with a positive attitude to making up the losses as a result of price fluctuations in due course. They knew that it is normal to have ups and downs in business.

Motives of Virudhunagar District Business men.¹⁹

what will you do if you happen to meet heavy losses	Favourable	Unfavourable
1.continue or discontinue the business	186 (93%)	14 (7%)
2.you prefer to invest on such occasion	181 (90.2%)	19 (9.8%)

During the survey it was very difficult to assess their financial position correctly because every firm was different in terms of ownership. Some were partnership firms. Surprisingly many were family oriented partnerships. This kind of business partnership existed not just for providing more capital, experts and skilled members, but because of the partners being members of the family. No questions were answered regarding their finances, tax, value of trade etc. among the questions that were shot at them during the survey. Only a few had the guts to answer those questions.

Most of the financial dealings were based only on needed cash. The general practice is that they issue neither cheques nor drafts for payment. Most of the business transactions were done through cash. Few important banking principles were also adopted by the industrialists. The principle of call money was practiced among themselves i.e., the business people of Virudhunagar District lend money among themselves. Whatever the amount of money was, say fifty thousand or one lakh or 5 lakhs, whenever they were in need of it for a short period, they borrowed it. The famous word they used for this is "kaimathu". This was practiced by people on a trust basis as they knew that they had to promptly return it or else they would lose the trust and face a crisis at the next critical requirement.²⁰ They promptly return it as promised. Good business always starts with some effective communication. Business people here use the word 'annachi' in their conversation to show their respect to other people. The prime source of investment is money from banks (7%), LIC, share market and pension schemes. Secondary assets come from jewels, land, house properties and the last option would be from chit funds (5%)

There was also a nice habit that they wouldn't even hesitate to help their fellow traders at odd hours. At the same time the borrower will keep his word and return it promptly. There was also a mode of business in and around Virudhunagar District, where the quest for investment doesn't arise because they trade on commission basis. Their business success depends upon their hard work, efforts, presence of mind, adjustability towards profit or loss of their concern and ceaseless efforts.²¹

Relationship Between Entrepreneurs And Labourers:

As far as Virudhunagar District is concerned everyone is engaged in some kind of work. In some cases the businessman himself was a labourer as well as the proprietor. Everyone could see the cordial relationship

among the businessmen and their workers. Dignity of labour was fully recognised by the businessmen of Virudhunagar District.²² If there was any delay in the arrival of a worker, the businessman himself would be prepared either to unload or load the goods from the vehicles. The field survey reveals that there was no disagreement either on bonus or anything else. The relationship between the employer and the employee was mostly very cordial. The positive thing about doing business was that the workers were available in surplus numbers at reasonable wages. There were fifteen trade unions across the District but most of them were ineffective.

The relation between the labourer and the entrepreneur is described in the following table. The data was collected from entrepreneurs of different industries.

Labour Relations in Virudhunagar District. ²⁴

Questions	Yes	No	Response in Percentage	
			Yes	No
Were workers reliable?	189	-	94.5%	-
Was there any dispute?	-	200	-	100%
Was there any trade fusion?	-	61	-	30.5%
Any dispute on bonus?	-	200	-	100%
Sufficient workers were available?	200	-	100%	-

Labour in Virudhunagar District was reliable and there was complete co-operation between the workers and the entrepreneurs. The labourers were also sufficiently available for the industries to function properly. They were hard working and the labourers avoided disputes with the entrepreneurs as they had respect for them²⁵. The entrepreneurs also understood the labourers' needs and problems and gave bonus and leave for every festival and they also avoided any gap between them and the workers by getting into work themselves in any critical period.

V. Conclusion

Virudhunagar District had all the required sources for an industry to be started and for proper functioning. Successful entrepreneur always give 100 percent of their efforts to everything they do. They achieved long – term triumph by having their hard work, honesty and integrity. As an entrepreneur, because of their high- potential skill able to challenge their atrocities they can succeed all sorts of improvements in the field of large scale industries. By an accessible of effective entrepreneurs the industries in Virudhunagar District have developed in all aspect every year and expand their market in world market

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