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A STUDY ON OPPORTUNITIES AVAILABLE TO MSME's IN ACQUIRING DEFENCE PROJECT IN COIMBATORE

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Abstract

Tamil Nadu Defence Industrial Corridor comprising Chennai, Tiruchirappalli, Coimbatore, Salem and Hosur was announced by the Government of India. This corridor will create new defence production facilities and promote clusters with necessary testing and certification facilities, export facilitation centers, technology transfer facilitation, etc. The corridor was inaugurated on 20.01.2019.Coimbatore is home to more than 50,000 Micro, Small and Medium enterprises in the various fields of general engineering, textiles, textile spates, auto spares, machine tools, motor & pumps, foundry, home appliances, software, farm equipments in manufacturing. The most fundamental reason for the growth of Coimbatore as a manufacturing center was the community- triggered contagion competitive spirit. The high-quality educational institutions helped to set up and expedited the process in starting

enterprises. The easy availability of skilled manpower which facilitates industry and entrepreneurship in the region.

Key words: *MSME, Defence corridor.*

1. Introduction

In pursuance to the budget announcement (2018-19) of Hon'ble Finance Minister has been decided to set up two Defence Industrial Corridors in the Country, one in Uttar Pradesh and another in Tamil Nadu. Subsequently, six nodes in Uttar Pradesh Defence Corridor viz. Agra, Aligarh, Chitrakookt, Jhansi, Kanpur and Lucknow have been identified. Similarly, for Tamil Nadu Defence Corridor, five nodes viz. Chennai, Coimbatore, Hosur, Salem, and Tiruchirappalli have been identified. During the Aligarh meet held on 11th August, 2018, investments of over Rs.3700 crore were announced for Uttar Pradesh Corridor by OFB/DPSUs& Private Industries. Similarly, during the Tiruchirappalli meet held on 20th January, 2019, an investment of over Rs.3100 crore were announced by OFB/DPSUs& Private industries for Tamil Nadu Defence Corridor. Further, Government has also appointed a consultant for the preparation of Detailed Project Report for the Defence Corridors.

Tamil Nadu Defence Industrial Corridor comprising Chennai, Tiruchirappalli, Coimbatore, Salem and Hosur was announced by the Government of India. This corridor will create new defence production facilities and promote clusters with necessary testing and certification facilities, export facilitation centers, technology transfer facilitation, etc. The corridor was inaugurated on 20.01.2019.

1.2 Statement of problem

Coimbatore is one of the very important educational and industrial city in South India. Coimbatore colleges are doing wonderful contribution in higher education. Coimbatore is a hub of industries, hence all educational institutions should have link with Coimbatore industries. The industrial city with home to some of the best educational institutions in the country has emerged as one of the best destinations for higher education with even students from abroad coming here to study. An important factor that makes Coimbatore an ideal destination for educational institutions to flourish is the presence of a number of industries. Coimbatore has a large and a diversified manufacturing sector facilitated by the presence of

research institutes and large number of engineering colleges producing about 50,000 engineers.

It is home to more than 50,000 Micro, Small and Medium enterprises in the various fields of general engineering, textiles, textile spates, auto spares, machine tools, motor & pumps, foundry, home appliances, software, farm equipments in manufacturing. The most fundamental reason for the growth of Coimbatore as a manufacturing center was the community- triggered contagion competitive spirit. The high-quality educational institutions helped to set up and expedited the process in starting enterprises. The easy availability of skilled manpower which facilitates industry and entrepreneurship in the region. The people's matured entrepreneurship, the conducive work culture and business environment prevailing in Coimbatore region attributes for sustainable development of MSMEs in manufacturing sector. It is the highest revenue yielding district in the state even ahead of Chennai, thus making it one of the fastest-growing second-tier metro cities in India. Coimbatore is ranked as one of most competitive (by business environment) Indian cities.

CDIIC-Codissia Defence Innovation and Atal Incubation Centre is also providing state-of-the-art infrastructure, facility to carry out Re- Engineering, Trial and Testing, the source of funding for Prototype' development and the ecosystem to convert the technological knowhow into meaningful business, CDIIC is instrumental in the growth of the MSMEs, Start-Ups or innovators from this region vis-à-vis., the Defence Innovation and Incubation Centre[1]. Hence, the proposed study will make an attempt to analyze the Opportunities Available to MSMEs in Coimbatore towards in accessing Defence Corridor Project announced by our honorable finance minister Ms. Nirmala Setharaman.

1.3 Objectives

- To study the level of awareness on defence corridor project available to MSMEs in Coimbatore city.
- To understand the government schemes available for MSME,s
- To study the role of HEL's in providing technology support to MSME,s

1.4 Research Methodology

Descriptive research is design was adopted to analyze the perception of the proprietors of MSME's in Coimbatore district. It deals with determining the frequency with which

something occurs or how the variables vary together. This is also guided by an initial hypothesis.

1.4.1 Sampling Method

The primary methods of data collection that is questionnaire technique was used to collect the data required through google forms. The number of respondents include male, female and transgender. Simple random technique has adopted in the study under the probability sampling technique. There are 150 samples has been collected through questionnaire. (Google Form)

1.4.2 Tools for analysis:

The following are the statistical techniques used for the study

- Simple Percentage
- Weighted Average Analysis
- Chi square test
- ANOVA

1.5. Scope of the Study

The present study deals with the level of awareness among the proprietors of MSMEs in Coimbatore on defence corridor project and it aims to probe the potential opportunities available to them for accessing defence corridor project.

1.6. Limitations of the study

Limitation of the study will be the unwillingness of the employees to disclose the main reason for their difficulties in work. The study had taken only limited sample size from employees. Also, another limitation was time constraints. Furthermore, some of the respondents are not respondents to the questionnaire given to them

1.7 Literature Review

N. Senthilkumar (March 2011)in their article entitled "SQM-HEI – determination of service quality measurement of higher education in India" explained that the quality of education is based on the best faculty (TM), the excellent physical resources (ECSF), a wide range of disciplines (DA) which paved the diverse student body and to improve the employability of the graduates (placement as mediating factor) coming out of the higher educational

institutions in India. SQM-HEI model would help in identify three service areas to be focused in the higher educational institutions for improving the quality of. These three dimensions of quality correlated between the sub-dimension variables and it is very necessary for improving the quality of higher education in India. The educationist said that, education is a change of behavior of students. Hence, the higher educational institutions should come forward to adapt the sub-dimensions of quality variables to enhance the outcome of education.

Dr. A. Thanappan in his article entitled "A New Dimension in Higher Education in Tamil Nadu" concluded that the vertical expansion of higher educational institutions had taken in rural places of Tamil Nadu since 1967.This enabled the middle class and lower middle class people to get the higher education. The scholarship and incentive schemes had brought all the section of the people under the shelter of higher education. Syllabus and curriculum was designed to suit the need of rural pupil and helped them in getting their degrees. Further it enabled them to get employment.

Giovane Costa in their article "Project Management in Higher Education Institutions Pro-Administration Case" explained that the research was based on the best practices of Project Management, to identify possible improvements in the development of this academic project. The study was characterized as an empirical, exploratory and single case research. The main results of the survey showed that: a) the project was subdivided into nuclei and subprojects; b) the coordinators of these subprojects had total autonomy in their conduct; c) the project was inserted into complex institutions and adhocracies in that monitoring and Control relations were not very clear, so it is recommended that in projects of this nature are made available resources and attention to the monitoring and control of activities.

Dr.JP Dashin their article entitled "Challenges of Setting up Defence Corridor for Make in India" expressed that with globalization, there is an urgent need of a dynamic and self-sustaining culture of innovation and cluster based approach for the development of MSMEs. In the "Knowledge-Based Economy", Competitive advantage is less derived from access to physical resources and more from the ability of organizations and societies to generate ideas and to translate them into economic and social value. The innovation potential can be significantly enhanced with clusters, as seen in Silicon Valley, a hot bed of innovation. The density of the starts up makes it entrepreneurial. The cluster allows seamless flow of people, ideas and capital making it hotbed of innovation. Such a Defence Corridor with academia industry hand in hand would promote collective learning; ensure steady supply of the skilled manpower. Such cluster's dense social networks and open labor markets would encourage experimentation and entrepreneurship.

1.8 FINDINGS OF THE STUDY

1.8 Findings

1.8.1 Demographic profile of the Respondents

- Majority (63.6%) of the age of the MSMEs are more than 15 years
- Majority (88.2%) of the respondents are Private Ltd
- Majority (40.0%) of the respondents are in the age group of 41 to 50 years
- Majority (90.0%) of the respondents are male
- Majority (60.0%) of the respondents are in manufacturing
- Majority (24.5%) of the respondents are engaged in machinery / machine spares
- Majority (28.2%) of the respondents of MSME's initial investments are 51 crore and above
- Majority (90.9%) of the respondents employees are more than 201
- Majority (27.3%) of the respondents annual turnover are less than 5 crore
- Majority (32.7%) of the respondents are havechoose other reasons for defence project initiated by our central government

1.8.2 The level of awareness on facilities provided by the government to motivate defence corridor

- Majority (63.6%) of the respondents are limited aware in financial assistance to start business
- Majority (59.1%) of the respondents are limited aware in methods of acquisition or leasing of land & buildings and equipment
- Majority (47.3%) of the respondents are limited aware in accessing technical support from higher educational institutions
- Majority (60.0%) of the respondents are limited aware in incentives offered by the government
- Majority (60.9%) of the respondents are limited aware in tax benefits
- Majority (55.5%) of the respondents are limited aware in availability of infrastructure
- Majority (58.2%) of the respondents are limited aware in availability of raw materials
- Majority (58.2%) of the respondents are limited aware in availability of manufacturing equipment and machines

- Majority (61.8%) of the respondents are limited aware in availability required man power

Weighted average analysis

- The respondents are highly aware on availability of raw materials, method of acquisition land and building and equipment, but they are limited aware on availability of manufacturing equipment and machines, financial assistance to start business.

1.8.3 The level of awareness on production methods of the following category of defence project.

- Majority (57.3%) of the respondents are highly aware in electronic equipment specially designed for military use
- Majority (70.0%) of the respondents are limited aware in armed or protective equipment
- Majority (50.9%) of the respondents are limited aware in specialized equipment for military training
- Majority (70.9%) of the respondents are limited aware in imaging or counter measure equipment
- Majority (66.4%) of the respondents are limited aware in defence aircraft
- Majority (65.5%) of the respondents are limited aware in tanks and others armed fighting vehicles
- Majority (61.8%) of the respondents are highly aware in small arms and allied items
- Majority (53.6%) of the respondents are highly aware in any other defence related equipment or products

Weighted average analysis

- The respondents are highly aware on Small arms and ammunitions and allied items, any other defence related equipment or products, but they are limited aware on electronic equipment specially designed for military use, imaging or counter measure equipment

1.8.4 The level of availability of potential opportunities to manufacture defence products by MSMEs.

- Majority (57.3%) of the respondents are highly available in opportunities to access initial capital or seed capital to start defence products or services

- Majority (49.1%) of the respondents are available in minimum in opportunities to access working capital to increase defence related production
- Majority (66.4%) of the respondents are highly available in opportunities to access technical knowledge support towards defence production
- Majority (52.7%) of the respondents are highly available in opportunities to get tax benefits from governments
- Majority (57.3%) of the respondents are highly available in opportunities to get award and incentives from the governments
- Majority (63.6%) of the respondents are highly available in opportunities to utilizes the manpower in the region
- Majority (68.2%) of the respondents are highly available in opportunities to access the warehouse facilities
- Majority (68.2%) of the respondents are highly available in opportunities to access the transport facilities
- Majority (75.5%) of the respondents are highly available in opportunities for better regional

Weighted average analysis

- The respondents are highly aware on Opportunities for better regional development, Opportunities to access working capital to increase defence related production, but they are limited aware on opportunities to access technical knowledge support towards defence production, opportunities to access initial capital or seed capital to start defence product or service.

1.8.5 The nature of support required by MSMEs from higher educational institutions in accessing defence corridor project.

- Majority (66.4%) of the respondents are highly required in marketing support or assistance
- Majority (60.9%) of the respondents are not required in financial guidelines any related information
- Majority (53.6%) of the respondents are not required in entrepreneurial and managerial development programme
- Majority (68.2%) of the respondents are not required in support on implementing quality management standards and quality technology tools

- Majority (61.8%) of the respondents are not required in orientation on intellectual property right process
- Majority (66.4%) of the respondents are not required in support on design expertise
- Majority (59.1%) of the respondents are not required in technology upgradation support
- Majority (59.1%) of the respondents are not required in quality upgradation support
- Majority (54.5%) of the respondents are not required in IT related assistance
- Majority (60.9%) of the respondents are not required in grounds for exhibition and promotion activities
- Majority (53.6%) of the respondents are not required in recruitment through campus interviews
- Majority (70.9%) of the respondents are not required in employees training and development
- Majority (74.5%) of the respondents are not required in labor disputes

Weighted average analysis

- The respondents are highly aware on Marketing support or assistance, Recruitment through campus interviews, but they are limited aware on IT related assistance, employees training and development.

1.8.6 Other findings

Chi square

- There is no significant relationship between types of organization and nature of business
- There is no significant relationship between types of industry and annual turnover
- There is a significant relationship between age of the MSMEs and initial investment

ANOVA

- There is a significant difference in age of the MSMEs between annual turnover
- There is no significant difference in types of industry between no of employees
- There is no significant difference in nature of business between annual turnover

1.9 SUGGESTION

- MSME'S are lagging in accessing technical support from higher educational institutions.

- Government could be increase the awareness of availability infrastructure for the MSME's
- Government Should increase the level of awareness on production methods of electronic equipment specially designed for military use
- Increase the awareness on specialized equipment for military training
- Government must increase the awareness on production method of small arms and allied items
- Increase the availability of the access initial capital or seed capital to start defence products and service
- Increase the availability of awareness on tax benefits from government to motivate the MSME's
- MSME's awareness on to get award and incentives from the government
- Higher educational institution should require the entrepreneurial and managerial development programme
- Increase the requirement in recruitment through campus interviews
- In order to improve the competitiveness of micro small and medium enterprises it is necessary that quality tools and testing facilities are made available to them at responsible costs by setting up tool rules and testing centers in public sector
- The project is proposed to be implemented by government of India by establishing separate institutions. Location will be identified on the basis of demand surveys, but will include both lagging and non-lagging states.
- Some of the state governments have already expressed internet in setting up of such facilities.
- Special projects to promote research and innovation in the areas of special significance to MSME's, government agencies and other organizations.
- The project after implementation will lead the MSME sectors in India in becoming globally competitive through adoption of best practices in all the fields.
- They also need support to MSME's in the field of skill up gradation of their manpower for sustainable development.
- To give a new impetus to the development of defence production in the country both for its domestic needs and also for exporting to friendly countries, by involving the MSME's in large numbers.

- Boost 'make in India' consolidate existing defence manufacturing ecosystem and induction of competent MSME's of other sectors to defence sector.
- MSME's with strong potential to meet technology requirements of the armed forces.

1.10CONCLUSION

It success would lie in addressing the concern of 'Make in India' in addressing the concern of industry, attracting investments, generating employment, creating contemporary technologies, aiding the growth of the manufacturing sector and making India self – reliant. The right infrastructure, support for a vibrant supply chain network, skill development, involvement of established national and global players to bring in capital and viable projects can give the required. There is a need to identify short term, medium term, and long term roadmaps keeping existing capability, requirements, technology,capital and infrastructure development in mind. It will also help in development of cluster with supporting ecosystems around them.

The role of MSME in economic development of India cannot be over looked. For a country to grow, the government should actively promote these enterprises. The joint effort of the government of India and several private players will help India in realizing its goal of self – reliance in defence, generate direct and indirect employment opportunities and the growth of private domestic manufactures, micro small and medium enterprises (MSME's) and start – ups.

These industries or enterprises form the backbone of our economy and need assistance and protection from the big companies as they lack of resources and technology to do this the government provides some schemes like subsidence, rebates, license counselling to these enterprises. The role of higher education institution in promoting micro small and medium enterprises development has attracted much interest among the researchers worldwide. These higher education institutions constitutes several governments grant strategies for promoting the development of small business.