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    INTRODUCTION

    REVIEW OF LITERATURE

    NEED/IMPORTANCE OF THE STUDY

    STATEMENT OF THE PROBLEM

    OBJECTIVES

    HYPOTHESES

    RESEARCH METHODOLOGY

    RESULTS & DISCUSSION

    FINDINGS

    RECOMMENDATIONS/SUGGESTIONS

    CONCLUSIONS

    SCOPE FOR FURTHER RESEARCH

    ACKNOWLEDGMENTS

    REFERENCES

    APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS
- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES
- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS
- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES
- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IMPACT OF INSTITUTIONAL FINANCE ON MSME

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ABSTRACT

The entrepreneurship is used in each and every dimension of life whether it is family, business, government, social group or enterprise. It plays a significant role in multi dimensions and multifacets development of the state and nation. It helps the state and country to face the problem of unemployment. It reduces the dependence of the people from the government. The central and state governments have introduced number of schemes and projects to promote entrepreneurship in various sectors of development. It is said that development of an individual, family organization, community, village, district, state and nation cannot be thought without entrepreneurship. Therefore, the entrepreneurship is considered to be one of the significant dimensions of development. The government is putting lot of efforts and money to develop entrepreneurs who can contribute for social, economic, psychological, political and environmental development. The present study reveals the impact of institutional finance on entrepreneurial activity in the study area.

KEYWORDS

Institutional finance, assets, production, sales, profit.

INTRODUCTION

The entrepreneurship activity owes a great deal to the promotional activities of the government and financial institutions. Indirectly some of the broad policies of the government and financial institutions, like the tariff or the import substitution policies, the thrusts in the corporate taxation system or the changes in the bank rate can have enormous effect on the pattern of entrepreneurship development. But equally important is the direct role of the government and financial institutions in promoting industries and business. The direction and character of government subsidies, the facilities for term loans offered by government sponsored institutions, the infrastructure facilities and the general investment opportunities afforded by the government have a great bearing on entrepreneurship development. After independence, our government felt that the absence of institutional frame for providing long term and medium term credit to industry was a major obstacle in the way of India's rapid industrial development. Starting with the Industrial Finance Corporation in 1968, the government had created a number of development banking institutions at all India and state levels for supplying long term and medium term credit depending on the needs of the industry. These along with the two other institutions LIC and UTI and also with the nationalised commercial banks can be said to confer a near monopoly of term finance on the Government of India. Some of the financial incentives offered by the State Industrial Development Corporation are refund of sales tax paid for the first three years and subsidy of power tariff up to 30 per cent for five years.

Commercial banks played a significant role in supporting the SSI movement in India. After the nationalisation of banks, the lending to priority sector was seen as an essential component of national agenda. Banks have continuously been evolving special schemes and approaches to suit the rapidly growing and changing needs of the sector. A notable feature in the financing of small scale industries has been the introduction of the Lead Bank Scheme by the RBI. Under this scheme each district has been allotted to one scheduled commercial bank for intensive development of banking facilities. The introduction of Credit Guarantee Scheme in 1960 was a big fillip in the field of commercial banks financing the small scale industries. Initially this scheme was introduced in 22 districts on experimental basis. Later it was extended to all over the country. Further the RBI set up a committee under the Chairmanship of Shri P.R. Nayak to look into the adequacy of institutional credit to small scale industries based on the recommendations of the committee. The RBI introduced a special package of measures aimed at increasing the credit flow to the small scale industries and arresting the problem of sickness in small sector. Availability of credit to the small sector improved further with the stipulation on foreign banks to extend at least 10 per cent of their net bank credit to the SSI sector and deposit the shortfall, if any, with the Small Industries Development Bank of India.

REVIEW OF LITERATURE

Indejit Singh and Gupta, N.S.,(1971) in their study titled "Financing of Small-Scale Industry" also pointed out the inadequacy of industrial credit. They concluded that only 5.1 per cent of the borrowers were financed by institutional finance.

Neelamegam, R. and Maria Inigo, R.,(1983) in their study entitled "Managing Small Industry with Strong Equity" reported that out of 150 units, nearly half of the sample units (constituting 49.3 per cent) had procured loans exclusively from banks and financial Institutions. A distinct feature of the study was that 24 units did not avail finance from any source but used their own funds.

Ram Dawar,(1986) in his study entitled "Institutional Finance to Small-Scale Industry, Hire Purchase Finance for Plant and Machinery" attempted to examine the hire purchase scheme of the National Small-Scale Industries Corporation and Small-Scale Industrial Development Corporation. An appraisal of the operation of hire purchase schemes of these institutions was also undertaken. The evaluation of the performance of the units assisted by the Corporations, with the help of different accounting ratios, was one of the distinctive features of the study.

Subbiah, A., (1990) in his study entitled "Financing of Small-Scale Industries by SBI: A Study with Special Reference to Sattur Branch" stated that there was delay in granting loan and subsidy to small-scale units. The SBI could not achieve its target of disbursement of loans to small-scale units due to non materialisation of some new proposals. Match factories did not fully utilise the cash credit limit sanctioned by them.

Sitharamayya, C., (1993) C. in his study titled "Financial Management Practices in Small Enterprises" highlighted some of the inadequacies in the financial management function in small industries. He also observed that besides the entrepreneurs themselves, the supporting agencies, institutions and banks should make effort to convince the entrepreneurs' need for a sound financial management system in their enterprises.

On the basis of survey conducted by the Central Small Industries Organization, the Administrative Reforms Commission stated that 20 per cent of the financial requirements of small units were met by institutional sources.

Kasturi Nageswara Rao, (2006) in his study entitled "Bank credit, Redefining Priorities" has showed that the priority sector credit is not common among developing economics. An internal group of the RBI studied the question of priority sector credit and recommended that direct lending has to be continued with respect to small borrowers and that direct lending, if continued, has the potential to generate huge employment.

Ganesan, S.,(2007) in his study titled "Effectiveness of Bank Finance to Small-Scale Industries in Madurai District" pointed out that the bank should inspect documents without delay, simplify the procedures for getting loans and fix the time limit for the sanction and disbursement, so that small-scale industrial units can get timely credit at lower interest. To reduce the time involved in credit sanction, it is essential that the small-scale industries should submit all the required information at a time.

STATEMENT OF THE PROBLEM

The central and state governments are taking more interest in promoting the growth of entrepreneurship. Individuals are encouraged to form new business and are provided with such government support as tax incentives, buildings, road and a communication system to facilitate this creation process. Generally the biggest problem faced by the MSME sector is the non - availability of adequate financing facilities. It is not a very easy task for the micro small and medium

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entrepreneurs to raise or get their needed capital at the time of their need. In spite of these various financial support extended by the Government to the entrepreneurs at various stages, they are put to many hardships which stand like a stumbling block in their overall development. Hence the present study has been undertaken to evaluate the impact of institutional support on entrepreneurs.

OBJECTIVE
The objective of the present study is to examine the impact of institutional finance on the entrepreneurial activity.

HYPOTHESIS
Variables like value of the building, value of machinery, value of vehicle ,value of the raw materials kept in the business, value of the finished goods stored in the business, production by the respondents, the sales effected, the capacity utilisation of the respondents, the total amount of working capital of the business and the profit in the business of the respondents have not significantly increased after getting support from the institutions.

RESEARCH METHODOLOGY
The present study is an empirical research based on survey method. The primary data were collected from the entrepreneurs by the researcher, with the help of a well structured interview schedule. A comprehensive interview schedule was used to collect the required data from the 300 respondents of Theni District in Tamil Nadu. After completing the data collection the financial support by the financial institution to the development of entrepreneurship was analysed with the help of the variables like 'Building', 'Machinery', 'Raw materials', 'Vehicle', 'Finished goods', 'Production', 'Sales', 'Capacity utilization', 'Working capital' and 'Profit'. The secondary data was collected from Public sector commercial banks, Private sector commercial banks, Co - operative sector banks, Small Industries Development Corporation, District Industries Centre and the Tamil Nadu Industries and Investment Corporation.

CHANGE IN AVERAGE VALUE OF THE BUILDING
Building includes factory premises and sheds, office block, storage space for raw materials, work-in-progress and finished goods required for an industrial enterprise. They are built according to the plans approved by the local bodies and such other agencies which regulate the setting up of particular type of industries. Data were collected in respect of value of building of the industry before and after getting support from the institutions. The change in average value of building before and after getting support from the institutions and the results of test of significance are presented in Table 1.

TABLE 1: CHANGE IN AVERAGE VALUE OF THE BUILDING AND TEST OF SIGNIFICANCE

Period	Average Value of the Buildin (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	3084765.60	-	
After getting support from the institutions	6205742.20	+101.17	5.861**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table .1 shows that the average value of building of the industry was Rs. 3084765.60 before getting support and was Rs. 6205742.20 after getting support. This shows an increase of 101.17 per cent. The resultant increase of value of building of the industry may be due to construction of additional building, extension of existing building, renovation and remodeling of existing building according to the business requirements and purchase of additional land for the business. In order to find out whether such increase in the value of building of the industry is statistically significant or not, the following null hypothesis was framed.'The value of building of the industry has not significantly increased after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of the building of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (5.861) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that institutions helped the industries to purchase and remodel the building.

CHANGE IN AVERAGE VALUE OF MACHINERY
Machinery is one of the important fixed assets in industries. Large portion of the fixed capital is used to purchase the machinery. Machinery is installed to convert the raw material into finished goods. Machinery which is required for the manufacture of a product is obtainable from various sources in the country and abroad. In some cases machinery is got fabricated, while in others, second hand machinery is considered suitable. The change in average value of machinery before and after getting support from the institutions and the results of test of significance are presented in Table 2.

TABLE 2: CHANGE IN AVERAGE VALUE OF MACHINERY AND TEST OF SIGNIFICANCE

Period	Average Value of Machinery (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	1466128.20	-	
After getting support from the institutions	2775192.30	+89.28	2.906**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 2 reveals that before getting support the average value of machinery of the industry had been Rs.1466128.20 and after getting support it was Rs. 2775192.30. This shows an increase of 89.28 per cent. It may be due to the fact that most of the entrepreneurs purchased machinery only after getting financial support from the institutions. To find out whether such increase in the value of machinery of the industry is statistically significant or not, the following null hypothesis was framed. 'There is no significant difference in the value of machinery of the industry before and after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of machinery of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (2.906) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that due to the institutional support the value of the machinery of the industry has substantially increased.

CHANGE IN AVERAGE VALUE OF VEHICLES
Vehicles are used for conveyance or transportation. These are bought and used for the employers, workers and for transporting raw materials, finished goods, spares and the like. Mostly the vehicles are purchased by the industry to transport the raw material from the place of availability to the place of production and finished goods from the place of production to the place of marketing at a minimum transport cost. The aggregate value of vehicles of the industry was collected for both before and after getting support from the institutions and the results of test of significance is presented in Table 3

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TABLE 3: CHANGE IN AVERAGE VALUE OF VEHICLES AND TEST OF SIGNIFICANCE

Period	Average Value of Vehicles (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	1123557.70	-	
After getting support from the institutions	2288701.90	+103.70	4.032**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 3 reveals that before getting support, the average aggregate value of vehicles of the industry was Rs.1123557.70 and after getting support it was Rs.2288701.90. This shows an increase of 103.70 per cent. This increase may be due to purchase of new vehicles. In order to find out whether such increase in the value of the vehicles of the industry is statistically significant or not, the following null hypothesis was framed. 'There is no significant difference in the value of vehicles of the industry before and after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of vehicles of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (4.032) is greater than its corresponding table value (2.58) at one per cent level. Therefore, the null hypothesis is rejected. Hence it may be concluded that due to the institutional support, the aggregate value of the vehicles of the industry has substantially increased.

CHANGE IN AVERAGE VALUE OF THE STOCK OF RAW MATERIALS

Raw material is inevitable for production. The availability of raw material has been a great problem in small-scale units. Some of them are chronically in short supply; some are very scarce at times and abundant at others; and there are great price variations. In view of the serious shortage of raw materials, the industry keeps sufficient stock of raw materials for their continuous flow of production. The average value of the stock of raw materials before and after getting support from the institutions and the results of test of significance are presented in Table 4.

TABLE 4: CHANGE IN AVERAGE VALUE OF THE STOCK OF RAW MATERIAL AND TEST OF SIGNIFICANCE

Period	Average Value of Stock of Raw Materials (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	1038000.00	-	
After getting support from the institutions	1286210.00	+23.91	5.025**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

It is seen from Table 4 that before getting support, the average value of the stock of raw material was Rs.1038000 and after getting support it was Rs.1286210. This shows an increase of 23.91 per cent. It may be due to the fact that industry keeps adequate stock of raw materials only after getting financial support from the institutions. The following null hypothesis was framed in order to find out whether such apparent increase in the value of the stock of raw materials of the industry is statistically significant or not. 'The value of the stock of raw materials kept in the business does not show a significant difference before and after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of the stock of raw materials of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (5.025) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected Hence it may be concluded that due to the institutional support, the value of the stock of raw materials of the industry has substantially increased.

CHANGE IN AVERAGE VALUE OF THE STOCK OF FINISHED GOODS

There is a time gap between production and sales, as long as the production continues. For a regular supply of goods in the local and international market and to attain goodwill from the consumers, the entrepreneur keeps adequate stock of finished goods. The average value of the stock of finished goods before and after getting support from the institutions and the results of test of significance are presented in Table 5.

TABLE 5: CHANGES IN AVERAGE VALUE OF THE STOCK OF FINISHED GOODS AND TEST OF SIGNIFICANCE

Period	Average Value of Stock of Finished Goods (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	1685960.00	-	
After getting support from the institutions	2393295.00	+41.95	6.079**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 5 reveals that before getting support the average value of the stock of finished goods had been Rs. 1685960.00 and after getting support it was Rs. 2393295.00. This shows an increase of 41.95 per cent. It may be due to the fact that entrepreneurs keep adequate stock of finished goods only after getting financial support from the institutions. The following null hypothesis was framed in order to find out whether such apparent increase in the value of the stock of finished goods of the industry is statistically significant or not. 'The value of the stock of finished goods kept in the business does not show a significant difference before and after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of the stock of finished goods of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (6.079) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that due to the institutional support, the value of the stock of finished goods of the industry has substantially increased.

CHANGE IN AVERAGE AMOUNT OF WORKING CAPITAL

Working capital is the amount of funds which a small-scale enterprise must have to finance for its day to day operations. It is short term finance. Working capital is required to purchase raw materials, inventories, spare parts and payment of wages. It is required for running the business. It is raised out of one's own funds and short term loans in the form of cash credit and overdraft from the financial institutions. Table 6 reveals the average amount of working capital of the industry and the percentage change during, before and after getting support from the institutions and the results of test of significance.

TABLE 6: CHANGES IN AVERAGE AMOUNT OF WORKING CAPITAL AND TEST OF SIGNIFICANCE

Period	Average Amount of Working Capital (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	1556830.00	-	
After getting support from the institutions	2303783.30	+47.97	6.989**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

It is clear from Table 6 that before getting support, the average amount of working capital of the industry had been Rs. 1556830.00 and after getting support it was Rs. 2303783.30. This shows an increase of 47.97 per cent. It helps the entrepreneurs keep adequate amount of working capital in order to meet day to day expenses. The following null hypothesis was framed in order to find out whether such apparent increase in the amount of working capital of the industry is

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statistically significant or not. 'The total amount of working capital of the business has not significantly increased after getting support from the institution'. The results of the test of significance revealed that the apparent increase in the value of the working capital of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (6.989) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that due to the institutional support, the amount of working capital of the industry has substantially increased.

CHANGE IN PERCENTAGE OF CAPACITY UTILISATION

Capacity utilisation refers to the extent to which an enterprise actually used its installed productive capacity. Thus it refers to the relationship between the actual output that is produced with the installed equipment and the potential output which could be produced with it, if the capacity is fully used. The capacity utilisation is estimated on present-enterprise performance, prevailing market conditions, competitive atmosphere and the technical snags. Profit of an industry mainly depends on the utilisation capacity of the industry. All the factors of production must be utilised to the maximum extent without being kept idle. The change in percentage of capacity utilisation before and after getting support from the institutions and the results of test of significance are presented in Table 7.

TABLE 7: CHANGE IN PERCENTAGE OF CAPACITY UTILISATION AND TEST OF SIGNIFICANCE

Period	Percentage of Capacity Utilisation (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	73.64	-	
After getting support from the institutions	94.06	+27.71	88.220**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 7 reveals that before getting support, the percentage of capacity utilisation of the industry was 73.64 per cent and after getting support it was Rs. 94.06 per cent, showing an increase of Rs. 27.71 per cent. Such increase in the percentage of capacity utilisation may be due to increase in fixed assets and working capital. To find out whether such increase in the percentage of capacity utilisation of the industry is statistically significant or not, the following null hypothesis was framed. 'There is no significant difference in the capacity utilisation of the respondents before and after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the percentage of capacity utilisation of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (88.220) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that the percentage of capacity utilisation has increased due to the support of the institutions.

CHANGE IN AVERAGE PRODUCTION

The performance of the industry is measured in terms of production. Conversion of raw material into finished products is known as production. The four factors of production, raw material, labour, capital and organisation are directed towards the achievement of production. In order to ensure continuous flow of production, the industry maintains sufficient amount of stock of raw materials. In addition, industry keeps the required amount of cash to pay wages, overheads and meet its other obligation during the process of production. The change in average production before and after getting support from the institutions and the results of test of significance are presented in Table 8.

TABLE 8: CHANGE IN AVERAGE PRODUCTION AND TEST OF SIGNIFICANCE

Period	Average Production (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	7415837.60	-	
After getting support from the institutions	10607360.00	+43.03	7.533**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 8 shows that before getting support, the average production of the industry had been 7415837.60 and after getting support it was Rs. 10607360. This shows an increase of 43.03 per cent. Such increase in the production may be due to the sufficient amount of financial support provided by the financial institutions. In order to find out whether such increase in the production of the industry is statistically significant or not, the following null hypothesis was framed. 'The production of the respondents has not significantly increased after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the production of the industry after getting support when compared to that one before getting support is statistically significant as the calculated't' value (7.533) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that institutions helped the industry to increase the production of the industry.

CHANGE IN AVERAGE SALES

Sale is an important factor in business. The profit of the industry mainly depends on the sales. Production will be increased, if sales are performed simultaneously. The main object of sale is to dispose of goods at a satisfactory price. In order to increase the sales volume, the industry maintains sufficient volume of stock of finished goods. To increase the sales volume demand must be created. The entrepreneurs spend large amount of money for advertisement and sales promotional activities as they increase the sales volume of the products. Besides an industry may extend credit facilities to all of its customers. Hence mass production is possible. This leads to reduction in the cost of production. The change in average sales before and after getting support from the institutions and the results of test of significance are presented in Table 9.

TABLE 9: CHANGE IN AVERAGE SALES AND TEST OF SIGNIFICANCE

Period	Average Sales (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	4666306.70	-	
After getting support from the institutions	6558416.70	+40.54	8.878**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

Table 9 shows that before getting support, average sales of the industry had been Rs. 4666306.70 and after getting support it was Rs. 6558416.70. This shows an increase of 40.54 per cent. To find out whether such increase in the sales of the industry is statistically significant or not, the following null hypothesis was framed.' The sales of the respondents have not significantly increased after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the value of sales after getting support when compared to that one before getting support is statistically significant as the calculated 't'value (8.878) is greater than its corresponding table value (2.58) at one per cent level. Therefore the null hypothesis is rejected. Hence it may be concluded that due to the institutional support, the sales of the industry substantially increased.

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CHANGE IN AVERAGE PROFIT

The primary objective of business is to produce and sell goods for profit, of course, through the satisfaction of human wants. Business of all kinds entertains an idea of earning profit at the maximum. Profit is the amount of money that a company receives from its normal business activities, usually the sale of goods and service. A business which does not earn profit cannot stay in the market for a longer period. The income of enterprise, therefore, must exceed expenditure over a period of time. Profit is necessary for the enterprise to ensure its own survival, growth and expansion. The business enterprise should work for reasonable profit which should cover its own future risk. If the profit is made by over-charging customers and indulging in malpractices such as hoarding, black-marketing, smuggling, it will be against the ethics of business. The profit of the industry was estimated before and after getting support from the institutions and the results of test of significance are presented in Table 10.

TABLE 10: CHANGE IN AVERAGE PROFIT AND TEST OF SIGNIFICANCE

Period	Average Profit (Rs.)	Percentage Change	"t" Value
Before getting support from the institutions	506900.00	-	
After getting support from the institutions	622070.00	+22.72	19.287**

Source: Primary data

** Significant at one per cent level

Table value at 1% level of significance 2.58

It is clear that Table 10 shows that before getting support, the average profit of the industry had been Rs. 506900.00 and after getting support it was Rs. 622070.00. This shows an increase of 22.72 per cent. This increase may be due to the increase in production and sales. In order to find out whether such increase in the profit of the industry is statistically significant or not, the following null hypothesis was framed. 'The profit of the respondents has not significantly increased after getting support from the institutions'. The results of the test of significance revealed that the apparent increase in the profit of the industry after getting support compared to that one before getting support is statistically significant as the calculated 't'value (19.287) is greater than its corresponding table value (2.58) at one per cent level. Therefore, the null hypothesis is rejected. Hence it may be concluded that due to the institutional support the profit of the industry has increased.

CONCLUSION

The financial impact of institutional support on the sample entrepreneurs was measured by the extent of increase or decrease in the selected ten variables before and after getting support from the institutions. The effective quantitative change in each variable was analysed and tested. All the variables consisting of building, machinery, vehicles, raw materials, finished goods, working capital, capacity utilisation, production, sales and profit of the industries significantly increased. The finding of the present study shows that the institutions had a favorable impact on the entrepreneurs of micro small medium enterprises.

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