

ENTREPRENEURIAL DEVELOPMENT

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PREFACE

This book on Entrepreneurial Development has come out with the intention to focus business-minded students and young budding entrepreneurs. One of my ambitions in life is to publish a book on Entrepreneurial Development. This is an essential subject for the students of Commerce and Business Administration. So the basic objective kept in mind while preparing this book was to exhibit the subject matter in a very simple and lucid language. Entrepreneurs play a vital role in the economic development of our nation. No doubt entrepreneurs are much talented persons who are capable of innovating new ideas, identifying best projects, gathering resources in an aggressive manner, undertaking risks and establishing successful ventures.

This book has been written as per the syllabus of Bharathidasan and Periyar University for B.Com, B.Com (CA) and BBA students.

I register my profound sense of gratitude to all the authors whose books and writings have been made as reference in the preparation of this book.

I am extremely owed to all the teachers and students who would read the contents and also pinpoint any deficiency and suggest me for further improvement of this book.

Dr. I.Sarumathi

ACKNOWLEDGEMENT

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I am indebted to my beloved **Husband Er.L.IIankumaran**, who always stand to support me in all walks of my life and for his encouragement to complete this book successfully.

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I wholeheartedly thank my **Mother-in law and my parents, friends and relatives** who gave useful suggestions and guidance in the preparation of this book.

I earnestly thank **Mr.Nall Natarajan, Director**, Kongunadu Publications India Private Ltd., Erode for his untiring efforts to Publish this book.

I dedicate this book to **my beloved father-in-law (Late) Prof.G.Lakshminarayanan**.

Finally I thank the **GOD Almighty** for the spirit which inculcate in me to achieve my endeavours.

Dr. I.Sarumathi



Publisher Note

“If you would not be forgotten as soon as you are dead, either write something worth reading or do something worth writing” - words of Benjamin Franklin are highly inspirational and instrumental in our publishing career. Kongunadu Publication India Pvt Ltd is one of the leading book publishing concerns in Erode, Tamil Nadu, for the past 18 years.

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We intend to publish a series of books that will help people expand and utilize their fullest potential, in order to lead a richer and fuller life. We dream about the bright

intellectual flowers sprouting all over the world. In fulfillment of this dream, ours is a concrete step.


This book is just a pinch of sugar of the NTDBP Scheme 2017. We assure you that it definitely tastes good. Full credit goes to our author, who has penned it with full of energy and enthusiasm

No development happens as a matter of chance. Nor any single human can make this miracle happen. But it has to be a conscious and planned effort by all. We are sure that with your continued encouragement and patronage, a better world can be carved out. This belief is at the core of our efforts.

Nall Natarajan

Director

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ENTREPRENEURIAL DEVELOPMENT

This paper is common to B.Com, B.Com (CA) and BBA of Bharathidasan University, Bharathiar and Periyar University.

Chapter- I: Concept of Entrepreneurship- Entrepreneurship meaning- Distinction between an Entrepreneur and Manager- Nature and characteristics of an Entrepreneur- Qualities, types and functions of an Entrepreneur- Role of an Entrepreneur to the Economic Development.

Chapter – II: Entrepreneurial Motivation: Concept of Motivation- Theories of motivation- Maslow and McClelland- Motive for starting an enterprise- testing entrepreneurial motivation- Entrepreneurial behaviour.

Chapter - III: Establishing an Enterprise: The Start-up process- Project identification and Selection- project formulation – Assessment of Project feasibility, market survey, risk analysis, Break-even analysis-preparation of Project report, selection of site-Legal considerations- Basic start up Problems.

Chapter - IV: Institution Finance to Entrepreneurs: National Small Industries Corporation(NSIC), Small Industries Development Organisation (SIDO), Small Scale Industries Development Corporations (SSICS), small Industries Development Corporation (SISI), District Industries Centres(DIC), Tamilnadu Industries Investment Corporation (TIIC) and Commercial Banks.

Chapter - V : Entrepreneurship Development in India: Entrepreneurial Development Programmes – Their Role, relevance and achievements Institutions of entrepreneurship development- Role of government organizing entrepreneurship development Programme.

Chapter VI : Women Entrepreneurship- Meaning- Need for Women Entrepreneurship –Scope – Strategies for development of Women Entrepreneurs – Qualities of Women Entrepreneurs – Types of Women Entrepreneurs – Problems of Women Entrepreneurs-Remedial Measures - Special Schemes to Women Entrepreneurs – SHG Avenues to Women Entrepreneurs.

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ENTREPRENEUR AND ENTREPRENEURSHIP

INTRODUCTION

In the recent current scenario, money plays a pivotal role in the life of human beings. Let us raise questions to ourselves:-

How to earn money?

A person who is well qualified may get a public and private job and may have the possibility to earn money from different cadre of salary according to their ability.

A person who don't get education are put up in lower grade job such as coolie, carpenters, plumber, gardeners, securities etc., Some person may be engaged in their own form of lands and doing cultivation.

A very few persons only engaged in doing their own business irrespective of their educational level.

Now-a-days we come cross in the media like journals, television and magazines about the stories of successful entrepreneurs. People need varieties of products to lead their day to day life. This gives an idea to innovate new products for similar utilities. A person who engaged in producing creative products to attract a common people with reasonable cost turns to be a successful entrepreneurs.

ENTREPRENEURSHIP

Entrepreneurship is the function of seeking investment and production feasibility, planning for an enterprise to undertake new production process, raising capital, managing labour and raw materials, finding a suitable location, introducing for a new technique and commodities, discovering new sources for the enterprise. In simple terms Entrepreneurship refers to **“UNDERTAKING THE PROCESS OF**

BUSINESS”

Definition

Entrepreneurship is defined as, “different types of activities carried out by an entrepreneur by way of arranging capital, innovating new ideas to produce products and promoting the growth of his business”. Entrepreneurship can be done in any form of business such as profit or non-profit sector, any social sector, political arena or in any public service.

Entrepreneurship can be observed by an act which involves:

Greater innovation in starting up the business

Planning for enhancing the business value

Aggressive assembling of resources

Brisk risk taking capacity

To explore the wealth for future expansion and so on.

ENTREPRENEUR

The Word ‘Entrepreneur’ has been derived from French language which means ‘to designate’ and organizer of musical or other entertainments. Oxford English dictionary (in 1897) also defined an entrepreneur in similar way as “The directors or a manager of a public musical institution, one who ‘gets up’ entertainment especially musical performance”

An entrepreneur perceives a idea to cumulate the manpower , materials and capital required to meet the challenges faced to start an enterprise.

In the early 16th Century, the Frenchmen who organized and led military expeditions were referred as entrepreneurs.

In the 17th Century, Cochran expanded the scope and applied the term to Civil Engineering Works such as construction, architecture and public works.

In the 18th Century it refers to economic aspects of buying labour and material at uncertain prices and selling the resultant product at contracted price.

Quesnay regarded a rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence, skill and wealth.

The term Entrepreneur is used in various ways and various views:

Risk Bearer

Organizer

Innovator.

MEANING

“Entrepreneur is one who under takes an enterprise especially a contractor- acting as intermediary between capital and labour”.

Contractor- A person who agree to do something for other person.

In Simple Words:

Entrepreneur is one who combines capital and labour for the purpose of production.

DEFINITION

Joseph A. Schumpeter, defined, “Entrepreneur is one who innovates, raises money, assembles inputs, chooses managers and set the organization going with this ability to identify them and opportunities which others are not able to fulfill such economic opportunities”.

Adam Smith described an entrepreneur as a person who only provides **CAPITAL** without taking active part in the leading role in an enterprise.

Frank Young describes entrepreneur as a **CHANGE AGENT**.

Peter F. Drucker defines an entrepreneur as one who always searches for change, responds to its and exploit it as an **OPPORTUNITY**.

Arthur Dewing emphasized the function of an entrepreneur as one who promotes **IDEAS** into business.

J.B.Say defined the entrepreneur as an **ORGANISER** of a business.

ENTERPRISE

Enterprise consist of “people working together primarily for the purpose of making, selling and distributing a product or service. Enterprise consumes valuable resources like raw materials, power, labour to produce the output”.

Enterprise is a continuing entity. It is not an adhoc effort to produce a single product or output. Every enterprise carries out some sort of final net profit or loss calculation. Thus, enterprise is undertaking which involves various activities and the willingness to take risk.

INTRAPRENEUR

The entrepreneurial talents available within the organization are called intrapreneur.

Company should provide such entrepreneurial talents with adequate financial support and freedom so that their business ideas can be developed. Successful talent should be rewarded with promotion and bonus.

The employees who provided such extra-ordinary talents are known as “Intra-Corporate Entrepreneurs”

INNOVATOR

Innovative entrepreneur is one who sees the opportunity for introducing a new technique of production process or a new commodity or a new market or even re-arranges the organization.

FUNCTIONS OF AN ENTREPRENEUR

Arthur H. Cole describes an entrepreneur as a decision-maker and described the following functions:-

1. To determine the objectives of the organization.
2. Procuring required finance, materials, machinery for the purpose of production.
3. To maintain good relationship with employees, public authorities and society at large.

Recently many writers have outlined the following three as broad functions of an entrepreneur.

Innovation

Risk-taking

Organisation building..

I. Innovation:

R.V. Clemence , Innovation means “doing the new things or doing of things that are already being done in a new way”.

It includes,

- New process of production
- Introduction of new product
- Creation of new market
- Discovery of new and better
- Source of Raw Material
- Creation of a better form of Industrial Organisation

II. Risk- Taking:

Risk-taking or uncertainty implies assuming the responsibility for loss that may occur due to unforeseen

contingencies of the future. He guarantees interest to lenders, wages to employees, rent to landlord.

After making payments to these persons little or nothing may be left for him.

An entrepreneur is an especially talented person and motivated person who undertakes the risk of business.

III. Organisation Building:

Alfred Marshall recognized organization and management of an enterprise as the main function of an entrepreneur. It implies bringing together, the various factors of production.

The purpose is to allocate the productive resources in order to minimize losses and reduce costs in production.

An entrepreneur takes business decisions. Thus, organization and management function includes,

Planning of an enterprise

Co-ordination, administration and control Routine type of supervision.

The Entrepreneur is a final judge in the conduct of his business.

QUALITIES OF AN ENTREPRENEUR

A true entrepreneur is one who performs his function successfully to the extent to which he can. His performance can be assessed through the:-

Nature of Quality Control

Reduction in costs

Cordial relationship with employees, and others

The profitability of the unit etc.,

A true entrepreneur, who is dedicated to the task, can achieve their goals.

Main Qualities:-

1. Capacity to assume risk and possessing self-confidence.
2. Technical skill, ready to accept new opportunities.
3. Capacity to raise funds and other resources.

4. Capacity to administer and organize the unit.

Differences between Entrepreneur and Manager:

Sl.No.	Entrepreneur	Manager
1.	<p>Innovation: Entrepreneur himself of the customers. An entrepreneur thinks over what and how to produce goods to meet the changing demands changes the factors</p>	<p>But, what a manager does, simply to execute the plans prepared by the entrepreneurs. He deals only with day to day affairs of a going concern. He is a “Product of Change”.</p>

	<p>combinations and thereby increases productivity and profit. He is an “Change Agent”.</p>	
2.	<p>Risk-Taking: An entrepreneur takes, calculated risk. He is not a gambler but faces uncertainty and assume risk.</p>	<p>A Manager is less tolerant of uncertainty. He does not share in business risk.</p>

3.	<p>Reward: An entrepreneur is motivated by profit. The gains of an entrepreneur are uncertain and irregular and can at times be negative.</p>	<p>The Manager is motivated by externally imposed goals and rewards. The salary of a manager is fixed and regular and can never be negative.</p>
4.	<p>Skill: An Entrepreneur needs intuition, creative thinking and innovative ability among other skills.</p>	<p>A Manager depends more on human relations i.e., employees and conceptual ability.</p>
5.	<p>Status: An entrepreneur is self employed and he is his own boss.</p>	<p>A Manager is a salaried person and he is dependent on his employer and entrepreneur.</p>
6	<p>Response to</p>	<p>But, managers are</p>
	<p>authority: This type of behaviour is largely absent in entrepreneurs.</p>	<p>responsible to entrepreneur.</p>

7.	Qualification: An entrepreneur need to possess qualities and qualifications like high achievement motive, originality in thinking, riskbearing, etc.,	A Manager need to possess distinct qualification in terms of sound knowledge in management theory and practice i.e., MBA holders.
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CHARACTERISTICS OF AN ENTREPRENEUR

- An entrepreneur is a person who initiates a business venture. The essential features of an entrepreneur which are described as under:-
- **Risk taking capability:** Every business has risk of time, money etc .so an entrepreneur must have the risk taking capability
- **Creativity and innovation:** An entrepreneur has an initiator possesses creativity and innovative power.
- **Need for achievement:** The entrepreneur has strong desire to achieve the goal of business. he is always driven by the needs for achievement.
- **Need for autonomy:** An entrepreneur does not like to be under anybody. it is the need for autonomy which drives a person to be an entrepreneur.
- **Internal locus of control:** An entrepreneur believes in him his work.
- **External locus of control:** He also believes in fate for ultimate result.
- **Self confident:** An entrepreneur has confidence in him.

- **Leadership capability:** An entrepreneur must have leadership capability to lead works under him.
- **Industriousness:** A successful entrepreneur must have leadership capability to lead workers working under him.
- **Decision making capability:** The entrepreneur has capability to take quick decision.
- **Adaptability:** He has the capacity to adapt with any kind of situation that arise in the enterprise.
- **Foresightness:** The entrepreneurs have a good foresight to know about future business environment.
- **Others:** The other feature are dynamism, ambition, education and training, long term involvement, future orientation.

CHARACTERISTICS OF ENTREPRENEURSHIP

1. Innovation
2. A Function of high achievement.
McClelland identified two characteristics of entrepreneurship. doing things in a new and better way. Decision-making under uncertainty.
3. Organisation building function.
4. A Function of group level pattern.
5. A Function of managerial skills and Leadership.
6. A Gap Filling Function
7. Creative personality
8. Mobilising Resources
9. A Function of social political and economic aspect.
10. A Function of Religious belief.

FACTORS OF ENTREPRENEURSHIP DEVELOPMENT

(A) Personal factors

1. · Ability to cope with the situation
2. · Age
3. · Education
4. · Personality
5. · Intrapersonal communication ability
6. · Achievement motivation
7. · Self-confidence
8. · Competence
9. · Emotion
10. · Understanding capacity

(B) Environmental factors

1. Socio-cultural factors

- · Religion
- · Values
- · Rural-urban orientation
- · Marginality
- · Education
- · Tradition

2. Political and legal factors

- . Govt. legal bindings
- . Govt. policies
- . Rules and laws related to the industry and business

(C) Institutional factors:

1. . Financial institution
2. . Training and development institution
3. . Consulting firms
4. . Incubators organization (old & pioneer)
5. . Research organization

(D) Micro factors

1. . Enterprise itself
2. . Suppliers
3. . Intermediaries
4. . Customers
5. . Competitors
6. . Public

(E) Macro factors:

1. . Demographic factors

- 2. · Economic factors
- 3. · Physical factors
- 4. · Technological factors
- 5. · Cultural/social factors (F) **Others:**

- 1. · Venture capital
- 2. · Experience entrepreneurs
- 3. · Technically skilled labor force
- 4. · Supplier's accessibility
- 5. · Proximity to universities
- 6. · Availability of land facilities
- 7. · Accessibility of transportation
- 8. · Favorable loan and financial policies
- 9. · Decocted population
- 10. · Availability of supportive
- 11. · Attractive living condition
- 12. · Capital intensiveness
- 13. · Research and development activities
- 14. · Capital incentiveness
- 15. · Proximity to corporate head quarters
- 16. · Competitive situation

CAUSES OF SUCCESS OR FAILURE OF ENTREPRENEUR

An entrepreneur may sometime become successful and sometime becomes failure. There are some causes of such success and failure.

They are noted below:

1. **Selection of business:** It is an important aspect. That means an entrepreneur has to determine what type business he is going to start. Form various points of view the feasibility of the business should be tested.
2. **Proper planning:** Proper planning me s also important. For planning, planning premises like political, economic, social premised should be considered first. The steps of planning should be followed properly.
3. **Initial capital:** if the initial capitals are not an optimal level the organization would fall. So whether the enterprise is big or small the initial capital should be sufficient enough.
4. **Determination oof market demand:** Through research the demand in the market should be identified. Both for long term and short term it should be considered.
5. **Marketing of product:** If the promotion policy, channel of destitution, transportation is not good the enterprise would fall.
6. **Education and experience:** One of the important tasks of the entrepreneurs is to select right person for the right post because the success of an enterprise depends on the right selection of employees.
7. **Joint initiative:** One may have much money and another may have more merit. Through joint initiative it can be balanced. But sometime for joint initiative misunderstanding arise, or sometimes corruption occur which may result in fall of enterprise.
8. **Employment:** Recruitment and appointment should be properly done. Those who have specialized skill should be appointed to that specialized job. Inefficient, corrupted employees may be responsible for fall of business.

9. **Location of business:** Site selection is an important factor. While starting a new business, an entrepreneur should think about the location of the business. In this case, many factors should be considered such as availability of raw materials, proper communication system, availability of labor, marketing facilities and so on.

10. **Qualities of management:** The management must have a minimum quality to success otherwise it would fall.

These are the common causes for which one enterprise may become successful and another may fall.

TYPES OF ENTREPRENEURS

In the initial stages of economic development, entrepreneur tend to have less initiative and drive. As development proceeds, they become more innovating and enthusiastic. Similarly, when entrepreneurs are shy.

- i)Innovative Entrepreneur
- ii)Adoptive/Imitative Entrepreneur
- iii)Fabian Entrepreneur
- iv) Drone Entrepreneur

I. Innovative Entrepreneur

He is characterized by aggressive assemblage of information and the analysis of result derived from sound combination of factors.

“An innovative entrepreneur seeks the opportunity for introducing a new technique or a new product or a new

market. This type of entrepreneur is commonly found in developed countries.

II. Imitative Entrepreneur

This kind of entrepreneur is ready to adopt successful innovation created by innovative entrepreneurs. This kind of entrepreneur is most suitable for underdeveloped nations.

III. Fabian Entrepreneur

Entrepreneurs of this type are very cautious skeptical while practicing any change. They are shy and lazy. Their dealings are determined by customs and religious and traditions Ex: Goldsmith.

IV. Drone Entrepreneur

This is characterized by a refusal to adopt and use opportunities to make changes in production. This type of entrepreneur may suffer losses.

A. Based on types of Business carried on by them

- Business Entrepreneur
- Trading Entrepreneur
- Industrial Entrepreneur
- Corporate Entrepreneur
- Agricultural Entrepreneur

B. Based on Technology adopted

- Technical Entrepreneur
- Non-Technical entrepreneur
- Professional Entrepreneur

C. Based on Motivation: Pure Entrepreneur

- Induced Entrepreneur
- Motivate Entrepreneur

Spontaneous Entrepreneur
D.Based on Development Stage

First generation

Modern generation

Classical Entrepreneur

The Role of Entrepreneur/Entrepreneurship in Economic Development

Introduction:

Economic Development essentially means a process of upward change whereby the real per capital income of a country increases over a long period of time. The crucial role played by the entrepreneurs in the development of western countries has made the people of underdeveloped countries too much conscious of the significance of entrepreneurship for economic development

The role that enterprise plays in the entrepreneurship development of an economy can now be put in a more systematic and orderly manner as follows:-

1. Entrepreneurship promotes capital formation by mobilizing the idle savings of the public.
2. It provides immediate large scale employment. It helps to reduce the unemployment problems in the country i.e., the root of all socio-economic problems.
3. It promotes balanced regional development.
4. It helps to reduce the concentration of economic power.
5. It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.
6. It encourages effective resources, mobilization of capital and skill which might otherwise remain unutilized and idle.
7. It induces backward and forward linkage which stimulates the process of economic development in the country.

8. Last but not means in least, it also promotes country's export, trade i.e., an important ingredient to entrepreneurship development.

Thus, it is clear that entrepreneurship serves as a catalyst of economic development on the whole, the role of entrepreneurship in development of a country can best be put as an economy is the effect for which entrepreneurship in the cause.

CHAPTER- II

ENTREPRENEURIAL MOTIVATION

Introduction

The Success or failure of a business organization depends on the performance of people working in it. Generally, performance is determined by three factors viz.,

Ability

Knowledge

Motivation

Therefore performance = {ability x knowledge} x Motivation.

Among these three, motivation is the most important factor since it deals with human behaviour. A manager get work done through others it is the ability of the management to put other people into motion, in the right direction day after day.

Meaning:

The word “Motivation” is derived from the word ‘motive’ which means ‘to move’ or ‘to activate’. Motivation is the task of making someone to act in the desiredmanner. To motivate means induce an individual or a group to act in a desired way.

Definition:

According to F.K. Kart “Motivation is an inspiration process which impels the members of the team to accomplish the desired goal”

Scott, “Motivation means a process of stimulating people to action to accomplish desired goals.”

Characteristics of Motivation

Motivation is an internal feeling.

Motivation produces goal-oriented behaviour

Motivation can be positive or negative Motivation is a continuous process.

MASLOW’S NEED HIERARCHY THEORY

Maslow's theory is based on human needs. The needs are classified into sequential priority from the lower to the higher level.

1. Physiological Need
2. Safety and Security Need
3. Social Needs
4. Self Esteem Needs
5. Self actualization

1. Physiological Needs:

These needs are of the lowest-order and most basic needs of human beings. These involve satisfying fundamental biological drives, such as the need for food, air, water, cloth, and shelter generally expressed in the names of roti, chappathi, idly etc. These needs exert tremendous influence on human behaviour. Entrepreneur also being a human being has to meet his physiological needs for survival. Hence, he / she is motivated to work in the enterprise to have economic rewards to meet his / her basic needs.

2. Safety and Security Needs:

The second level of need in Maslow's hierarchy is emerged once physiological needs are met. Safety needs involve the need for a secure environment, free from threats of physical and psychological harm. These needs find expression in such desires as economic security and protection from physical dangers. Meeting these needs requires more money and, hence, the entrepreneur is prompted to work more in his/ her entrepreneurial pursuit. Like physical needs, these become inactive once they are also satisfied.

3. Social Needs:

Man is social animal. These needs, therefore, refer to belongingness or affiliation. All individuals want to be recognized and accepted by others. Likewise, an entrepreneur is motivated to interact with fellow entrepreneurs, his employees, and others.

4. Esteem Needs:

These needs refer to self-esteem and self-respect. These include such needs that indicate self-confidence, achievement, competence, knowledge, and independence. In case of entrepreneurs, the ownership and self-control over enterprise satisfies their esteem needs by providing them status, respect, reputation, and independence.

5. Self-Actualization:

The final step under the need hierarchy model is the need for self-actualization. This refers to self-fulfilment. The term 'self-actualization' was coined by Kurt Goldstein and means to become actualized in what one is potentially good. An entrepreneur may achieve self-actualization in being a successful entrepreneur.

In Maslow's above need hierarchy theory, human needs are arranged in a lowest to the highest order. The second need does not dominate unless the first is reasonably satisfied and the third need does not dominate until the first two needs have been reasonably satisfied. This process goes on till the last need.

This is because man is never satisfied. If one need is satisfied, another need arises. Once a need is satisfied, it ceases to be a motivating factor. For entrepreneurs, it is mainly social, esteem, and self-actualization needs which motivate them to work more and more for satisfying them.

MCCLELLAND'S ACQUIRED NEED THEORY

According to David McClelland, a person acquires three types of need, as a result of one's own life experience.

Need for affiliation

Need for power

Need for Achievement

But in case of an entrepreneur the high need for achievement is found dominating one. In his view, the people with high need for achievement are characterized by the following:

- They set moderate, realistic and attainable goal for them.
- Prefer to situations in which they can find solutions for solving personal responsibility.
- They need concrete feedback on how well they are doing.
- They have need for achievement for attainment of personal accomplishment.
- They look for challenging task.

MOTIVATIONAL FACTORS

P.N. Misra identified nine motivating factors are as follows:- Educational background
Occupational Experience
Desire to work independently in manufacturing line
Desire to branch out to manufacturing
Family background
Assistance from Government
Assistance from financial institutions
Availability of technology/Raw material Other factors.

Demand of a particular product, utilization of excess money earned from contractual estate business, started manufacturing to facilitate trading, distribution business since the product was in short supply.

The above nine factors are classified into two major categories i.e., internal factors and external factors.



First five motivating factors were termed as internal factors. The last four factors are termed as external factors.

BEHAVIOURAL PATTERN OF AN ENTREPRENEUR

Introduction

Entrepreneurs needs of self-actualisation manifested in the need for achievement which forces him to create something new, a new product, a new order, a newer way of doing things and a newer standard for himself and the society. He is never satisfied with the present and always look ahead for more challenging jobs.

The behavioural pattern of these high achievers, as observed empirically, summed up in the following steps:-

1. He acts out of desire and not out of society. He hardly adopts himself to a situation but influences the environment to suit his designs.
2. He feels himself emotionally attached to his activities. But this attachment continues so long as the goal is not achieved on a new project.
3. He constantly insists on quick feed-back of the result of his actions.
4. He is a marathon runner and does not settle for a 100m race, why he often operates from a high risk position as it appears to the outsiders.
5. He is very active professional, but lazy, in his personal appearance. This will be reflected by his

casual dressers, unkempt hair and even unpolished shoes.

6. He is conscious about time, committed to his work, efficiency and achievement.
He dislikes waste and adhors drunkenness.
7. He accept reasonability for his actions.
8. He may not have a brilliant academic career. Etc.,

CHAPTER -III

PROJECT

INTRODUCTION

The first and foremost problem of an entrepreneur is to find out a suitable business,

Which can give him a reasonable profit? A business man is primarily an investor and will naturally aims at securing a reasonable profit from his investment i.e., from his enterprise.

Therefore the entrepreneur has to first search for a sound or workable business idea and give a shape to his idea of the business.

Meaning:

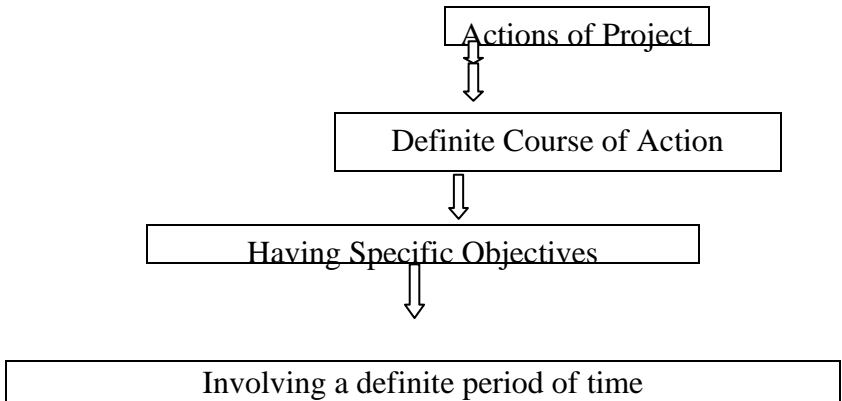
A Project is “ a specific purposeful activity on which money is spent to receive on the returns”. The project has got a specific area of location and would serve a group of persons.

Definition:

A project can be defined as a, “Scientifically formulated work plan devised to achieve a specific knowledge within a stipulated period of time”.

Generally a project can be grouped or classified on the basis of size, nature and objectives etc.,

The Actions of a project is depicted in the following diagram:-



The Project must be:-

Devised in clear and definite terms

Within a resources and process of achieving the objectives The time that will be consumed for achieving the objectives.

In Short, a project is nothing but a proposal involving capital investment for the purpose of providing goods and services at reasonable returns. A Project involves allocation and consumption of resources.

CLASSIFICATION OF PROJECT:

Projects have been classified in various ways by different authorities:-

A. Little & Mirreless divide the project into two broad categories.

i)Quantifiable Project ii)Non-Quantifiable

B. The Indian Planning Commission, a project may fall into the following factors of Sectorial Classification:

Agricultural and allied sector
Irrigation and power sector
Industry and mining sector
Transport and communication sector
Social services sector
Miscellaneous sectors etc.,

C. On the Basis of Techno-Economic Characteristics

Factor Intensity Oriented
Causation Oriented
Magnitude Oriented

D. On the Basis of All India Financial Institutions classify the project on the basis of nature and life cycle:

a) Profit Oriented

New Project
Expansion Project
Modernization Project
Diversification Project

b) Service Oriented

Welfare Project
Service Project
Research and Development Project
Educational Project

IDENTIFICATION OF PROJECT

Introduction:

Project identification is concerned with collection, compilation and analysis of economic data for the eventual purpose of locating possible opportunities for investment and with the development of the characteristics of such opportunities.

Peter F. Ducker (1956) defines opportunities are of three kinds:-

1. Additive opportunities:- These opportunities are enable the decision-maker to better utilize the existing resources without in any way involving a change in the character of business. There is risk involved in this type.
2. Complementary:- It involves the introduction of new ideas and as such do lead to a certain amount of change in the existing structure.
3. Break-through opportunities:- It involve fundamental changes in both the structure and character of business.

The element of risk is high in both the opportunities.

Project Identification cannot be complete without identifying the characteristics of a project.

Every project has three basic dimensions Viz.,

Inputs

Outputs

Social Cost and Benefits.

The input characteristics define what the project will consume in terms of raw materials, energy, manpower, finance and organizational setup. The nature and magnitude of each of these inputs must be determined in order to make the input characteristics explicit.

The output characteristics of a project define what the project will generate in the form of goods and services, employment, revenue, etc., The quantity of all these outputs should be clearly specified.

In addition to inputs and outputs every project has an impact on the society. It inevitably affects the current equilibriums of the demand and supply in the economy. It is necessary to evaluate carefully the sacrifice which the society will be required to make and the benefits that will accrue to the society from a given project.

Data Sources for Project Identification

The following provides the data sources for project Identification:-

Industrial potential surveys

Survey reports of leading banks like R.B.I.

Import-export statistics

Annual economic review reports and statistics

Product identification and development from research institutions

Examining the price rise of certain products which would indicate the need for fresh supply

Profitability studies of selected industries and location of project near the market or raw material source etc.,

Various literatures available in the Trade Association in India and abroad.

Sources of Project or Business Ideas:-

Sources of Business Ideas: A business idea may be discovered from the following sources.

📊**Observing Markets:-** A very close observation of markets can reveal a business idea. **Market Surveys can expose the demand and supply position of various products.** It is necessary to estimate future demand and to take into account anticipated changes in fashions, income levels, technology etc. In this connection, it will be useful to ascertain whether the demand is elastic or inelastic and whether the product is repeat purchase or not. **Attempt should be made to determine the trend of demand and the composition and pattern of potential users of the product.** A survey of the available channels of distribution should also be made so that the selling campaign can be properly planned well in advance of the production. Advice of professional experts like dealers, commercial consultants, bank managers, advertising agencies may also be obtained to supplement product analysis and market surveys.

👤**Prospective Consumers:-** Consumer is the best judge and he knows best what he wants and the habits/tastes which are going to be popular in the future. Enquires with prospective consumers can also reveal the features that should be built into a product/service. The customer is the foundation of business and it is he who keeps it going. Therefore, data on consumer needs and preferences must be collected.

📌 **Developments in Other Nations:** - People in under developed countries generally follow the fashion trends of developed countries. For example, video, washing machines, micro ovens, etc., which are now the ‘in things’ in India were being used in the United States and Europe before the eighties. Therefore, an entrepreneur can discover good business ideas by keeping in touch with developments in advanced nations.

📌 **Study of Project Profiles:-** Various Government and private agencies publish periodic profiles of various projects and industries. These profiles describe in detail the technical, financial and market requirements and prevailing position.

📌 **Government Organisations:-** Now a days, several Government organizations assist entrepreneurs in discovering and evaluating business ideas. Development banks, state industrial development/investment corporations, technical consultancy organizations, investment centers, export promotion council etc. provide advice and assistance in technical, financial, marketing and other areas of business.

📌 **Trade Fairs and Exhibitions:-** National and international trade fair is a very good source of business ideas. At these fairs, producers and dealers in the concerned industry put up their products for display and/or sale. A visit to these fairs provides information about new products/machines. Negotiations for the purchase, production, collaboration, dealership, etc. may also be made at these fairs.

PROJECT FORMULATION

Project formulation is the systematic development of a business idea with the objective of choosing investment decision. It has the built-in mechanism of ringing the danger bell at the earliest possible stage of resource utilization.

Project formulation involves a step-by-step investigation and development of project idea, and it provides a controlled mechanism for restricting expenditure on project development.

A well-formulated project has no problem in obtaining the required assistance from financial institutions. When there is a situation of resource constraint and the available resources are allocated to various projects based on their importance and viability, a well formulated project formulation is the best way of selling a project idea to a financing.

Project Formulation helps the entrepreneur to obtain necessary Government clearances and in meeting the hurdles of procedural formalities. It will pinpoint the matters for which Government sanctions have to be obtained and also provide an independent assessment of the feasibility of obtaining these sanctions based on the existing Government policies. The project report submitted by the entrepreneur will establish his bonafide in the eyes of the bureaucracy and obtain the due Government sanction without much difficulty.

Elements of Project Formulation:

Project Formulation is by itself an analytical management aid. It enables the entrepreneur to arrive at the most effective project decision. Project Formulation exercise normally includes such aspects as follows:-

1. Feasibility Analysis
2. Techno-economic Analysis

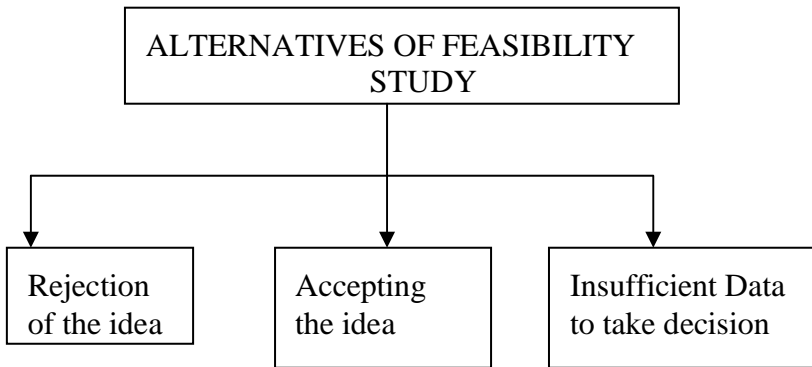
3. Project Design and Network Analysis
4. Input Analysis
5. Financial Analysis
6. Social Cost-Benefit Analysis
7. Project Appraisal.

1. FEASIBILITY ANALYSIS

Feasibility analysis is the process of evaluating the future of a project idea within the limitations of the project implementation body and the constraints imposed on the project situation by the environment.

Feasibility study refers to a structured and systematic analysis of the various aspects of a proposed entrepreneurial venture designed to determine its workability. A well-prepared feasibility study can be an effective evaluation tool to determine whether an entrepreneurial idea is a potentially successful one. It can also serve as a basis for the all important business plan.

Feasibility study is the first stage in the project formulation process. It is the appraisal of a project within the limitations of internal and external constraints. This is conducted to determine the desirability of making an investment. The study may give us three alternatives as given in the following diagram:



Rejection of the Idea: The feasibility analysis may result in the rejection of the project idea. Under such a circumstances as the idea is not feasible, no further investigation is found desirable.

Accepting the Idea: The project idea is accepted when it is positive and feasible. In such a case, the project idea deserves further studies and analysis from various angles.

Inadequate Data to take Decision: Sometimes, the information available may not be sufficient enough to take a decision. In such a case the final decision is deferred for want of more information.

PHASES OF FEASIBILITY STUDY

Project feasibility investigation is divided into three phases namely.,

1. Pre-feasibility study.
2. Feasibility Study,
3. Project Report Study

I. Pre-feasibility Study

Pre-feasibility study is conducted before one starts conducting feasibility study. Here actually only the groundwork is carried on . It is conducted to analyse whether-

1. The investment is worth making,
2. The project idea requires a detailed study such as market surveys, tests and pilot plant test etc., and
3. The project idea is a viable proposition or not.

Pre-feasibility study covers the following factors also:

- 1) The market for the product.
- 2) The plant capacity 3)The necessary inputs.
4. The technology and project engineering
5. The Overheads
6. The manpower and staff needed.
7. Profitability.

II. Feasibility Study

Feasibility study includes the most important elements of the entrepreneurial venture and entrepreneur's analysis of the viability of these elements. These elements include the following:

1. Marketing Considerations
2. Financial Considerations
3. Economic Considerations
4. Technical Considerations
5. Legal Considerations
6. Managerial Considerations
7. Location Considerations

8. Organizational Considerations

Feasibility Report:

The feasibility report is prepared by the promoter after the project formulation stage has been passed by the project. The report that contains all the factors that contributes for the feasibility (possibility) of the project, is known as feasibility report. After having identified a project, the feasibility report is prepared by the entrepreneur prior to appraisal and sanction stage. This is prepared by the consultants and Govt. agencies on behalf of the entrepreneurs.

Contents of a Feasibility Report:

Generally, the feasibility report contains the following information:-

Introduction:

A general descriptive explanation about the nature and extent of the Industry is given in this part. This description analysis the public policy with respect to the industry, along with capital investment, nature of production, type of technology and the form of organization of the industry.

b. Selection of Project :

The feasibility report should contain a description regarding the process and know-how chosen for the project. Among other things, details regarding the area chosen for the project, the facilities available in that area and the environment benefits should be presented. A detailed statement regarding the resources required for consumption and production and various costs of operation should also be given. c.

Project Analysis:

project analysis refers to the assessment of a project. It involves the conduct of a costs and benefits analysis of different aspects of proposed project with an objective to adjudge its viability. It helps in selecting

the best project among available alternative projects. It aims at determining the viability of a project. Hence it is desirable on the part of an entrepreneur to understand the appraisers thinking process so that he can formulate the project as acceptable to the financial institutions.

d. Market Research:

Marketing analysis involves examining the supply and demand factors of the product, as well as the requirements of the product and the method of distribution. A brief history about the pricing of the product, considering the competitor's prices and the price trends for the past years. In simple words, the market analysis should contain supply of raw materials etc.,

e. Financial Analysis:

The objective of financial analysis is to describe the project from the financial angle and its characteristics. Financial analysis concerns with the estimation of various costs, including project operating costs and project funds requirements. This analysis also covers the appraisal of the financial characteristics of the project as compared to other investment opportunities.

f. Social-Cost benefit analysis:

The overall benefit of the project on the society should be stated in the feasibility report. While financial analysis describes the project from the profitability point of view, social-cost benefit analysis evaluates the project from the point of view, of national viability. The details regarding various costs including direct costs and benefits which will go to the project and the total costs involved should be presented in real terms.

PROJECT REPORT

INTRODUCTION

Most of the entrepreneurs are of the opinion that writing a project report/business plan is a daunting task. But a good business plan is essential because it pulls together all the elements of the entrepreneur's vision into a single document.

Meaning

Project report is a written document that summarizes a business opportunity and defines how the identified opportunity is to be seized and exploited. It is a scheme, design, a proposal of something intended or devised. It helps in identifying and clarifying many of the issues that need to be addressed as an entrepreneurial venture organized, launched, and managed.

Definition

According to Mary Coulter, “the process of business planning involves deciding where you want to go, how to get there, and what to do to reduce any uncertainties. It's a way of thinking about the future in which planning serves as the bridge between the present and the future- that is, where we currently are and where we would like to be

PURPOSES OF A PROJECT REPORT

The business plan is an important document for entrepreneurs. As depicted in the following figure. It serves five main purposes.

PURPOSES OF A PROJECTREPORT

1. Development Tool
2. Clarification of Venture's Vision and Mission
3. Defining Planning and Evaluation
4. Securing Financial Resources
5. Guiding growth

I. Development Tool :

Business plan acts as a development tool for entrepreneurs. It forces entrepreneurs to address important issues. It provides a check and balance for the entrepreneurs.

II. Helps to Clarify the Venture's Vision and Mission:

Organisation's vision and mission statements are important elements in planning the entrepreneurial venture. They describe and explain to the others what the entrepreneurial venture is about. It forces the entrepreneurs to consider their purpose, values and expectations.

III. Defines Planning and Evaluation Guidelines:

Business plan is a working document that should be used beyond the start-up phase. It guides the decision maker, on planning and evaluating issues throughout the life of the business. It clarifies what are the goals and plans. It also defines how goal attainment is going to be measured. Though plan attempts to define a desirable future path for the venture, unexpected factors can alter the path. However, if planning is done,

entrepreneur can manage the uncertainties even better than in an unplanned situation.

IV.Helps Entrepreneurs to secure Financial Resources:

Another important purpose, which a plan serves to an entrepreneur, is helping to secure needed finance. Potential lenders never provide finance to business ventures especially for a new venture without some type of analysis of financial data both current as well as future. Hence, it enables entrepreneurs to secure needed finance easily. Planning a venture itself involves in it as one of its steps the financial analysis and projections, which is a must for getting, finance from outside sources.

V.Guides Growth:

Planning the venture serves as a tool for guiding growth. It provides the road map for pursuing the opportunities that wait. A well-designed business plan can lay the foundation for growth. An entrepreneur to succeed in his venture, need to develop a strong business plan so that it provide for the future growth of the venture.

Preparation of a Project Report:

A business plan should be of a thorough, complete and effective plan having of about 10 to 15 pages. It is a critical tool for successfully launching and managing the business

AREAS IN A BUSINESS PLAN



1. **Executive Summary** --- Gives entire data about the proposal
↓
2. **Opportunity Analysis** --- Gives details about analysis of opportunity
↓
3. **Analysis of External changes And Trends** --- Analysis macro economic development
↓
4. **Description of the Business** --- Describes as to its establishment & management etc.,
↓
5. **Financial Data and Projection** --- Gives financial information
↓
6. **Supporting Documentation** --- Gives, charts, graphs, tables, photograph etc.,
↓
7. **Capital Costs and Sources of Finance** --- Estimates both capital and revenue expenditure
↓
8. **Assessment of Working Capital** --- Assesses working capital needs etc.,
↓
9. **Project Formulation** --- Gives about the implementation of the Scheme.

RISK ANALYSIS

INTRODUCTION

Project cost estimates, life of the project and the estimates of demand, production, sales and prices etc., may contain errors because of uncertainty about the future. Project decisions underlie many political and social developments as well as changes in technology, prices and productivity. The size of allowance provided for this purpose will have a decisive impact on the profitability of the project and may, in the case of marginal proposal, tilt the balance against the implementation of the project.

Hence it is essential to incorporate measures at the appraisal stage to identify the risk factors and provide for the same.

Analysis of Risk and Uncertainty:

The decision situations are generally classified into three types:-

Certainty

Risk

Uncertainty

Certainty situation is one where the future occurrence of a particular outcome such as future cash flow or discount rate could be expected with certitude. But in practice, all investment decisions are undertaken under conditions, of risk and uncertainty.

Risk refers to a situation where the probability distribution of a particular outcome could be objectivity known in advance.

Uncertainty refers to a situation where such probability distribution cannot be objectively known. But only guessed. However, in the case of investment decisions, such a theoretical distinction is hypothetical and may not serve much useful purpose in practice.

Factors which add to the degree of uncertainty:

- (a) The process or the product becoming obsolete
- (b) Declining demand for the product
- (c) Change in government policy of business
- (d) Price fluctuations
- (e) Foreign exchange restrictions (f) Inflationary tendencies.

Elements of Risk:

Technology
Competition
Government Action
Differential Inflation
Snags

Methods of Minimising Risks:

A distinction may be made between two different cases:

Risks due to errors in forecasting

Risks due to factors

Modern Techniques of Risk Analysis:

Generally, the techniques used to handle risk may be classified into the following groups.

a. Conservative Methods:

Shorter payback Period

Risk-adjusted Discount Rate
Conservative forecasts or certainty equivalents etc

b. Advanced Methods:

Sensitivity analysis
Probability analysis
Decision-tree analysis etc.

BREAK- EVEN POINT ANALYSIS (BEP)

Break-even point analysis is yet another aspect to be considered as to financial and economic feasibilities of a project. It is a simple technique useful in profit planning, cost control and determining appropriate volume of operations. It is the analysis of cost volume profit relationships. **Break-even point is the point at which total cost equals total revenue. It is a point of no profit, no loss.** This is the point where total costs are recovered. If sales go up beyond the breakeven point, enterprise makes profit. If they come down, it makes loss. In Computation of break-even point, three cost-revenue components should be used namely, total fixed cost (TFC), selling price per unit (SP), and variable cost per unit (VC). The break-even point can be calculated with the help

$$\text{Break-even Point (in Units)} = \frac{\text{TFS}}{\text{SP} - \text{VC}}$$

Break-even point in rupees can be calculated with the help of the following formulae:

$$\text{Break-even Point (in Rs.)} = \frac{F}{C} \times S$$

Where,

F = Fixed Cost,

C = Contribution i.e., Sales – Variable Cost (S – VC) and, S = Sales.

Generally, Break-even analysis is used to solve the following problems:

1. The Sales Volume required covering:-
 - a. A reasonable return on capital
 - b. Dividends to equity shareholders, preference shareholders, and
 - c. Reserves
2. Comparing various companies on the basis of probable earnings.
3. Determining the price, which will offer the break-even point and profit?
4. Assisting in fixing budgeted sales by calculating costs and revenues for the different volume of output.
5. Calculating variable cost per unit.

6. Determining the cash required to secure a particular volume of output.

LOCATIONAL FEASIBILITY:

Introduction:

The Selection of a suitable location is very important for the proper and profitable functioning of an enterprise. Proper decision as to the location of the plant enables the firm to operate with maximum efficiency at minimum cost. If any error is made in the selection of a suitable location, it is more or less permanent and cannot be rectified without further dislocation of the factory.

Shifting of plant from one place to another place involves huge expenditure. Hence the entrepreneur must be very careful while selecting the suitable area and place where the business unit to be established.

MEANING OF LOCATION:

“Location” refers to a large general area say a country, a state or a district where the production and distribution activities are carried out.

According to **John A. Shubin**, “ Ideal location is one that permits the lowest unit cost in the production or distribution of a product or service”.

FACTORS INFLUENCING LOCATION

There are a number of factors, which pull an industry to a particular location. The entrepreneur must weigh several factors and find out the best possible location. The factors that are to be considered while selecting a suitable location can be discussed under the following two heads:-

- 1.Primary Factors and
- 2.Secondary Factors.

I. Primary Factors:

Primary factors exert considerable influence on the selection of location, which can be further classified into five heads viz.,

Raw material
Market,
Labour,
Fuel and power, and
Transport

II. Secondary Factors:

Financial Services,
Climate factors,
Personal factors,
External Economies,
Momentum of an early start,
Historical factors,
Political Stability,
Special concessions and benefits, Strategic
considerations.

Selection of Site:

“Site” refers to a smaller area, which is situated within the general area selected for the purpose of carrying out the production activities only. The site may be a city site, a country site or a sub-urban site.

Legal Considerations:

After having decided about the location in a particular area, the exact site within this area has to be selected to set up the plant. The site selected may be an urban site, a semi-urban site or a rural site. The entrepreneur must consider the following factors which influence the selection of the site:

1. Availability of Land:

The land available should be sufficient not only for the purpose of establishing an industrial unit at its inception but also should be adequate to allow future expansion. However, the land to be acquired should not be too large because such a big land, exceeding its present and future requirements will result in locking up of cash in idle assets.

2. Availability of Building:

Availability of building is another factor, which influences the selection of a site.

The area of the building must be capable of permitting future expansion and the cost of the building must be within the limits of resources of the firm and its potential earning capacity.

3. Availability of Labour: Availability of suitable labour force at favourable rate is another important factor to be considered in the selection of the site. However, now-a-days availability of labour

does not pose a very big problem because the labour is highly mobile.

4. **Transport Facilities:** The site should be connected with road, rail and water transport since industries require regular and sufficient transportation facilities for delivery of materials, despatch of finished products and for the use of employees.

5. Market Facilities: The size of the local market and the extent of demand for their products should also be taken into consideration.

6. **Ancillary Units:** It should be seen whether the after sale services, repairing units and ancillary industries are available in the area.

7. **Good Surrounding:** It should be seen whether the site is located in good surroundings.

8. **Other Facilities:** The availability of other facilities such as banking facilities, educational facilities, housing facilities, tax concession etc., must also be taken into account.

CHAPTER- IV

INSTITUTIONAL FINANCE TO ENTREPRENEURS

INTRODUCTION

Entrepreneurs need some support from outside agencies supporting project preparation and evaluation. Similarly support is needed for technological upgradation of the entrepreneurial venture. Entrepreneurs need money for initial investment in their business. After doing business for few years, entrepreneurs will try to expand their business or diversify their business. Expansion or diversification needs substantial investment. Investment support facilities must be made available to them for expansion and diversification of their business. Hence, financial support system is needed to the entrepreneurs. Entrepreneurs in the normal situation do not aware of the management techniques. They need managerial support to run their business efficiently and successfully. Entrepreneurship Development Institute, Management Institute, Financial Institutions and Academic Institutions provide managerial support to the small scale industries.

NEED FOR INSTITUTIONAL SUPPORT

Starting a business or industrial unit – say, enterprise in short requires various resources and facilities. Small scale enterprises, given their small resources, find it difficult to have these own. Finance has been an

important resource to start and run an enterprise because it facilitates the entrepreneurs to procure land, labour, material, machine and so on from different parties to run his / her enterprise. Hence, finance is considered as “life-blood” for an enterprise.

This is one of the reasons why industries have not been developing in backward areas in spite of financial assistance and concessions given by the Governments to be entrepreneurs to establish industries.

Availability of the institutional support helps make the economic environment more conducive to business or industry. Now, what follow in the subsequent pages is the various kinds of support and facilities provided by various institutions to the entrepreneurs to help them establish industries.

NATIONAL SMALL INDUSTRIES CORPORATION LTD (NSIC)

The National Small Industries Corporation Ltd., (NSIC), an enterprise under the Union Ministry of Industries, was set up in 1955 to promote and foster the growth of small scale industries in the country. NSIC provides a wide range of services, predominantly promotional in character to small scale industries. Its main functions are:

- To provide machinery on hire – purchase scheme to small scale industries.
- To provide equipment leasing facility.
- To help in export marketing of the products of small scale industries.
- To participate in bulk purchase programme of the Government
- To develop prototype of mechanics and equipments to pass on to the small scale industries for commercial production.
- To distribute basic raw material among small scale industries through raw material depots.

- To help in development and up-gradation of technology and implementation of modernisation programmes of small scale industries.
- To impart training in various industries trades.
- To set up small scale industries in other developing countries on turn-key basis.
- To undertake the construction of industries.

SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)

Small Industries Development Organisation (SIDO) is a subordinate office of the Department of SSI & ARI. It is an apex body and nodal agency for formulating, coordinating and monitoring the policies and programmes for promotion and development of small-scale industries. Development Commissioner is the head of the SIDO. He is assisted by various directors and advisers in evolving and implementing various programmes of training and management consultancy, industrial investigation, possibilities for development of different types of small-scale industries, development of industrial estates, etc., the main functions of SIDO are classified into (i) co-ordination, (ii) industrial development and (iii) extension. These functions are performed through a national network of institutions and associated agencies created for specific functions at present. The SIDO functions through 27 offices, 31 Small Industries Service Institutes (SISI), 37 Extension Centres, 3 Product – cum – Process Development Centres, and 4 Production Centres.

All small-scale industries except those falling within the specialised boards and agencies like KVIC, Coir Boards Central Silk Board etc., fall under the purview of the SIDO.

Function Relating to co-ordination

Function Relating to Industrial Development
Function Relating to Extension

SMALL SCALE INDUSTRIES BOARD (SSIB)

The Government of India constituted a Board, namely, Small Scale Industries Board (SSIB) in 1954 to advise on development of small scale industries in the country.

The Industries Minister of the Government of India is the Chairman of the SSIB. The SSIB comprises of 50 members including State Industry Minister, some Members of Parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field.

STATE SMALL INDUSTRIAL DEVELOPMENT CORPORATIONS (SSIDC)

The State Small Industries Development Corporation (SSIDC) were set up in various States under the Companies Act, 1956, as State Government Undertakings to cater to the primary development needs of the small, tiny and village industries in the State / Union Territories under their jurisdiction. Incorporation under the Companies Act has provided SSIDCs with greater operational flexibility and wider scope for undertaking a variety of activities for the benefit of the small sector.

The important functions performed by the SSIDCs include.

- To procure and distribute scarce raw materials.
- To supply machinery on hire purchase system.

- To provide assistance for marketing of the products of smallscale industries.
- To construct industrial estates / sheds, providing allied infrastructure facilities and their maintenance.
- To extend seed capital assistance on behalf of the State Government concerned. Provide management assistance to production units.

SMALL INDUSTRIES SERVICE INSTITUTES (SISIs)

The Small Industries Service Institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs – both existing and prospective. The activities of SISIs are coordinated by the Industrial Management Training Division of the DCSSI's office. There are 28 SISIs and 30 Branch SISIs set up in State capital and other places all over the country.

The main functions of SISIs include :

- To serve as interface between Central and State Governments.
- To render technical support services.
- To conduct Entrepreneurship Development Programmes.
- To initial promotional programmes.

The SISIs also render assistance in the following areas :

- (i) Economic Consultancy / Information / EDP Consultancy
- (ii) Trade and market information
- (iii) Project profiles
- (iv) State industrial potential survey
- (v) District industrial potential surveys
- (vi) Modernisation and in-plant studies
- (vii) Workshop facilities
- (viii) Training in various trade / activities.

DISTRICT INDUSTRIES CENTRES (DICS)

The District Industries Centres (DICS) programme was started on May 8, 1978 with a view to provide integrated administrative framework at the district level for promotion of small-scale industries in rural areas. The DICS are envisaged as a single window interacting agency with the entrepreneur at the district level. Services and support to small entrepreneurs are provided under a single roof through the DICS. They are the implementing arm of the Central and State Governments of the various schemes and programmes. Registration of small industries is done at the district industries centres. The SEEUY / PMRY for employment generation is also implemented by the DICS.

- To conduct industrial potential surveys keeping in view the availability of resources in terms of materials and human skill, infrastructure, demand for product, etc. To prepare techno-economic surveys and identify product lines and then to provide investment advice to entrepreneurs.
- To prepare an action plan to effectively implement the schemes identified.
- To guide entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its supply and procedure for procuring imported machinery, if needed, assessing requirements for raw materials etc.,

Technical Consultancy organisations (TCOs)

A network of Technical Consultancy Organisations (TCOs) was established by the all-India financial institutions in the seventies and the

eighties in collaboration with state-level financial / development institutions and commercial banks to cater to the consultancy needs of small industries and new entrepreneurs. At present there are 17 TCOs operating in various states, some of them covering more than one state. These 17 TCOs are :

1. Andhra Pradesh Industrial and Technical Consultancy Organisation Ltd., (APITCO).
2. Bihar Industrial and Technical Consultancy Organisation Ltd., (BITCO).
3. Gujarat Industrial and Technical Consultancy Organisation Ltd., (ITCOT).
4. Haryana – Delhi Industrial Consultants Ltd., (HARDICON).
5. Himachal Consultancy Organisation Ltd., (HIMCO).
6. Industrial and Technical Consultancy Organisation of Tamil Nadu Ltd., (ITCOT).
7. Jammu and Kashmir Industrial Consultancy Organisation Ltd., (J&ITCO).
8. Karnataka Industrial and Technical Consultancy Organisation Ltd., (KITCO).
9. Madhya Pradesh Consultancy Organisation Ltd, (MPCON).
10. Maharashtra Industrial and Technical Consultancy Organisation Ltd., (MITCON).

Functions

- To prepare project profiles and feasibility profiles.
- To undertake industrial potential surveys.
- To identify potential entrepreneurs and provide them with technical and management assistance.
- To undertake market research and surveys for specific products.

- To supervise the project and where necessary, render technical and administrative assistance.

Tamilnadu Industrial Investment Corporation (TIIC)

In Tamilnadu, the Madras Industrial Investment Corporation was started as early as 1949 and it was the first State Level Finance Corporation in whole of India. This was renamed as Tamilnadu Industrial Investment Corporation (TIIC). It has schemes to assist the technocrats, educated unemployed and self-employment and also the development of backward regions. It has 15 branch offices Chengalpattu, Coimbatore, Dharmapuri, Erode, Chennai, Madurai, Manamadurai, Nagercoil, Pudukkottai, Salem, Thanjavur, Tiruchi, Tirunelveli and Vellore and 4 Regional offices at Chennai, Madurai, Coimbatore and Trichy. It provides long-time loans for acquisition of land, building, plant and machinery to tiny, small and medium scale units.

Various Schemes offered by TIIC General Scheme

Nursing Home Scheme

Transport Operator Scheme

Generator Scheme

Hotel Scheme

Single Window Scheme

Ex-Servicemen Scheme

Mahila Udhayam Nidhi Scheme

Refinance Scheme for Technology Development and Modernisation

Technology Development Fund Scheme.

Commercial Banks

The commercial banks, particularly, after nationalisation, have been playing a key role in the economic and social transformation and in the development of our country. These banks have expanded their network

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remarkably in respect of number of branches as well as in diversifying their services in several directions. Apart from discharging their economic function, the banks are entrusted with the challenging task of responding to certain social problems. Through their various schemes, they are catering to the needs of retail traders, rural artisans, village craftsmen, small businessmen, transport operators and self employed.

Role of Commercial Banks in Assisting SSI Sector

Credit to Small Scale Industries

Financing the Establishment of small-scale units by Technical Entrepreneurs

Financing and Development of Khadi and Village industries

Finance to Tiny sector of SSI

Schemes relating to self-employed and professionals

Banks provide credit facilities to engineers, technicians, architects and other self employed persons and professionals to enable them to meet medium term as well as short term financial needs. To avail this facility, the applicant must have minimum experience of 5 years and should have had a justifiable income

Entrepreneurial Assistance by banks

- Entrepreneurial banking: This scheme was started by Bank of Baroda in collaboration with Uttar Pradesh Small Industries Corporation to assist techno – entrepreneurs to set up units. Under this scheme, assistance is provided to technicians for acquisition of fixed assets and current assets and also these technicians are provided in plant training is established units.
- Entrepreneurial clinics: This is a scheme from Bank of India. Under the scheme, a panel of industrialists adopts budding entrepreneurs to guide and assist them.

- Indian Bank entrepreneur advisory service: Indian Bank offers consultancy services to persons who graduate from colleges and institutions of engineering technology, etc., unemployed engineers, diploma holders and other graduates or business executives. Consultancy is provided right from the beginning of identification of project upto implementation stage and marketing. For this purpose, a Cell is established comprising of bank employees and selected experts..

Chapter –V

ENTREPRENEURSHIP DEVELOPMENT IN INDIA

INTRODUCTION

Entrepreneurship has long been described by researchers with terms like new, innovative, flexible, dynamic, creative and risk-taking. Identifying and pursuing opportunities is an important part of entrepreneurship. It

involves, the creation of value, the process of starting / growing a new profit –making business, and providing a new product or service. Entrepreneurship involves changing, revolutionizing, transforming and introducing new approaches. It creates unique products and tries unique approaches. It creates unique products and tries unique approaches. It is not a one-time phenomenon. It involves a series of decisions and actions from initial start-up to managing the entrepreneurial venture.

Entrepreneurship is and continues to be important to every industrial sector. Its importance can be found in three areas – innovation, number of new start-ups and job creation and employment. In India, tremendous latent entrepreneurial talent exists. If it is properly harnessed, it will help accelerate the pace of socio-economic development, balanced regional development, creation of employment etc., Policy formulators and planners in the nation realized its importance and designed Entrepreneurial Development Programme.

MEANING OF EDP

Entrepreneurial development programme refers a programme, which is designed to help a person in strengthening his entrepreneurial motive and in acquiring skills and capabilities required for performing his role effectively. Thus it aims at developing entrepreneurial motives and skills and thereby it helps in playing entrepreneurial role effectively.

NEED FOR EDP

The need for EDP can be understood from the following points:

1. Essential for Economic Development of a Country

EDP is considered as very essential for the economic development of a nation. Entrepreneurs use the factors of production to a maximum extent,

create innovations, generate employment, and improve the standard of living of people, which result in overall development and growth of a nation.

2. Removes the Unemployment Problem

Unemployment has serious effect. Idle hands are the symptoms of economic waste. Worklessness is the worst of all the evils. EDP plays an important role in solving the problem of unemployment.

3. Removes Poverty

Poverty is considered serious ill of any nation. EDP by enabling overall development and providing employment opportunities to a large number of people helps in removing poverty among the people.

Objectives of EDP

The important objectives of EDP can be stated as follows :

1. Developing and strengthening entrepreneurial quality in them.
2. Analyzing environmental set up as to small business and industry.
3. Selecting project
4. Formulating the project
5. Understanding the process and procedure of setting up of a small enterprise.
6. Knowing the sources of assistance available for setting up an enterprise.
7. Acquiring the necessary managerial skills for managing an enterprise.
8. Knowing the pros and cons of being an entrepreneur.
9. Acquainting the required entrepreneurial discipline.
10. Identifying and training potential entrepreneurs.
11. Providing post-training assistance.

12. Accelerating industrial development.
13. Solving unemployment problem.

Curriculum of EDP

In India, the course contents of EDP are uniform. They are in line with the objectives of EDP. Duration of the training programme is usually ranges between four to six weeks. The ideal number of members in a group is 30 to 35. It consists of six inputs namely.

1. Introduction of Entrepreneurship.
2. Motivating Entrepreneurs.
3. Imparting Managing Skills.
4. Exposure to Support System and Procedure.
5. Guidance to Conduct Feasibility Studies.
6. Taking for Field Visits.

1. Introduction to Entrepreneurship

This is the first stage in Entrepreneurial Development Programme where trainees are introduced to the fundamentals of entrepreneurship. They are exposed to general knowledge of entrepreneurship namely, role of entrepreneurs in the economic development of a nation, qualities of an entrepreneur, facilities available for establishing small enterprises etc.

2. Motivating Entrepreneurs

Once the fundamentals of entrepreneurship are made known to the trainee, the next step is taking initiative to motivate them towards

entrepreneurship. At this stage, efforts are taken to inject confidence and positive attitude among the participants towards business. It aims at strengthening achievement need, self-awareness, confidence building, creativity etc. Sometimes, successful entrepreneurs are also invited to address the participants about their experience in setting up and running an enterprise.

3. Imparting Managerial Skills

Managerial skills are a must for running an enterprise, whether big or small. Especially, it is true in the case of small enterprises where an entrepreneur cannot afford to employ management experts to manage the business. Therefore, it imparts basic and necessary managerial skills in various functional areas of management like finance, production marketing, human resource management etc.

4. Exposure to support system and procedure

The next step is making the participants aware of the various policies and procedures formulated by the government, various industrial service agencies, financial institutions etc., which aid in setting up and running enterprises in the country. This enables the participants to know about the support available from different institutions and agencies for setting up of an enterprise.

5. Guidance to Conduct Feasibility Studies

Knowledge about the conduct of feasibility study is a must for the trainees. Hence, the course contents consist of guidance to the trainees in the area of conducting feasibility studies. Under this input, trainees are provided with information and counseling as to the various business opportunities in the area in which EDP is conducted. They are guided as

to how to conduct feasibility study in an effective manner in areas such as marketing, organisation, technical, financial, social, legal, locational and commercial viability of the project.

Taking for Field Visits

Under this input, trainees are taken to industries to familiarize them with real-life situation of the entrepreneurs in small business. It gives them first – hand knowledge and exposure to the participants regarding the problems as well as the prospects of an industrial concern. Sometimes, successful entrepreneurs are invited to speak on their experiences during the course of EDP, which enable the trainees to have an idea about the entrepreneurship.

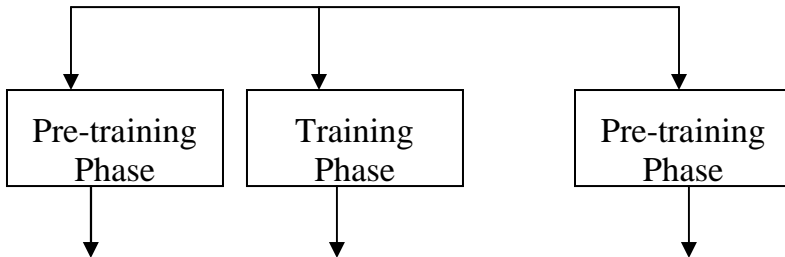
During the course of EDP, encouragement is given to the trainees to assume **risk, face challenges effectively and start their own venture in the area of interest.**

PHASES OF EDP

An EDP possesses the following three phases:

- 1. Pre – training Phase.**
- 2. Training Phase.**
- 3. Post-training Phase i.e. Follow up Phase.**

PHASES OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME



- | | | |
|--|--|--|
| <ol style="list-style-type: none"> 1. Selection of Area 2. Selection of Course
Co-coordinator 3. Arrangement of
Infrastructure 4. 3. Developing Advice and Moral 5. Conduct of Industrial
Survey 6. Formulating
Programme | <ol style="list-style-type: none"> 1. Confidence Building 2. Improving of the Objectives Managerial Talents Technical Competence | <ol style="list-style-type: none"> 1. Assessment as to the Achievement 2. Entrepreneur Counselling, Backing |
|--|--|--|

PHASES OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME

1. Pre-training Phase

Pre-training phase refers to the activities and preparatory work made before the actual conduct of training. In this phase, actually preparations are made for launching the programme. It involves the following activities.

1. Selecting of area.
2. Selection of course coordinator.
3. Arrangement of infrastructure.
4. Conduct of industrial survey to identify good business opportunity
5. Formulating the programme
 1. Publishing the programme
 2. Establishing contacts
 3. Printing the entry forms
 4. Distribution of entry forms
 5. Appointing selection committee to select trainees
 6. Getting sanction from the concerned department of the government
 7. Finalizing the syllabus
 8. Arranging guest faculties
6. Getting support from various agencies such as DICs, SFCs, SISI etc.

1. Raising Motivational Level i.e. Confidence Building

The entrepreneurial training programmes are normally designed so as to raise their motivation to a higher level. Each session in the training programme should aim at strengthening their confidence and expanding their vision. Motivational level must be raised to a greater extent because only motivated participants will take effort to start a venture.

2. Improvement of Managerial Talents

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Management of a project is a difficult task. However, it can be done easily, if the entrepreneur is well versed with the techniques of management. They must be made to understand the basic principles of management. They must be made to realize the benefits and significance of the management functions like planning, organising, staffing, directing, controlling and coordinating.

3. Developing the Technical Competence

During the course of the training programme, a candidate may select one or more products for manufacture. The technical competence suitable to the product selected should be developed in the participants. For this purpose, many details are required to be given to participants. They are as hereunder.

1. Details of technology.
2. Plant and machinery – its cost, the name of suppliers, its life-span, special features of the machinery etc.
3. Raw materials – its availability, special characteristic and the like.
4. Manufacturing process – its details.
5. Requirement of labour – quality and qualifications and the availability of such labour.

3. Post – training phase

Post – training phase refers to follow – up stage. In this phase, assessment as to how far the objectives of the programme have been achieved has been made. It indicates past work and suggest guidelines for formulating future policies.

During this phase, participants are given support to start their ventures. This is an important phase because it is at this stage that an entrepreneur is in need of counselling, advice and moral backing. The activities that crop up during this phase are as below :

1. Registration of the enterprise.
2. Arranging finance for starting the unit.
3. Guidance with respect to purchase of plant and machinery.
4. Providing land, shed, power connection etc. for establishing the project.
5. Obtaining of licenses for scarce raw materials.
6. Granting incentives such as capital investment subsidy, interest subsidy, tax relief etc.
7. Assistance by way of management consultancy.
8. Marketing facilities.
9. Up-to-date information on the industry.

EVALUATION OF EDPs

Conduct of EDPs has now become very common in India. Every year hundred of EDPs are conducted by about 686 organisations to give entrepreneurial training. Thousands of participants are attending the programme will not help developing nation. The need of the hour is making them to start a venture. In other words, its success depends upon turning the participants into entrepreneurs.

So far about 16 studies have been conducted to evaluate EDPs effectiveness. Recently, Entrepreneurship Development Institute of India (EDII) located at Ahmedabad conducted a study at national level of evaluate EDPs. The study found that only about 26% of the participants actually started enterprises after undergoing EDP. This is not at all impressive.

CRITERIA FOR EVALUATING EDPs

The behavioural scientists used the following criteria to assess the effectiveness of EDPs in motivating the entrepreneurs

1. Activity level of the respondents.
2. New enterprise creation.

3. Employment generation in quantifiable terms.
4. Creation of job opportunities both directly and indirectly.
5. Increase in sales and profit.
6. Enterprise expansion.
7. Enterprise transformation.
8. Improvement in quality of products or services.
9. Repayment of loans.
10. Total investment made.
11. Investments in fixed assets made.
12. Number of people employed.

Hence EDPs are to be evaluated to find out the deficiencies in the programme and based on the findings they should be improved to increase their effectiveness.

ACHIEVEMENTS OF EDPs

In India about 686 organisations are engaged in organising entrepreneurship development training programmes. Thousands of candidates are being trained by these agencies every year. So far, only 30 out of 100 EDP trained entrepreneurs start their enterprise. Studies conducted by Department of Science and Technology and EDI state that the success rate is about 20 percent only. Further the performance of EDPs across the states and across the ED institutes has not been uniform. The national start-up rate was about 26 percent, which is obviously not an impressive achievement.

However, to attain the better results the following things are to be assured.

1. Committed trainers.
2. Adequate professional staff.
3. Better training programme.
4. Assistance to select the project.
5. Assistance to obtain funds.

6. Project feed back mechanics

ROLE OF EDPs

EDP is considered as the most important instrument to solve the problem of poverty and unemployment. It ensures it through the establishment of SSI units all over the nation. EDP performance the following roles :

1. Stimulatory Role.
2. Supportive Role.
3. Sustaining Role.
4. Socio-economic Role.

1. Stimulatory Role

Stimulatory role refers to all such efforts, which stimulate the emergence of entrepreneurship in a society. It involves the following :

1. Educating entrepreneurs.
2. Publishing entrepreneur opportunities in a planned manner.
3. Locating potential entrepreneurs through scientific methods.
4. Imparting motivational training to new entrepreneurs.
5. Guiding entrepreneurs in product selection as well as preparation of project report.
6. Providing data regarding technical, economical, legal and financial aspects as project.
7. Developing new products and processes suitable to local conditions.
8. Providing entrepreneurial counseling and promotion.
9. Creating a forum for entrepreneurs.
10. Recognizing entrepreneurs.

2. Supportive Role

Supportive role aims at assisting entrepreneurs to establish and operate enterprises. This is done by group support activities. These activities include the following :

1. Registration of enterprises
2. Arranging for finance
3. Providing of land, shed, power, water etc.,
4. Guiding for the selection of machinery
5. Supplying scarce materials.
6. Providing of common infrastructural facilities
7. Granting tax relief and providing subsidies.
8. Providing management consultancy service.
9. Assisting in the marketing of products.
10. Supplying necessary data.

3. Sustaining Role

Sustaining role enables the entrepreneurs to run their enterprises on a sustained basis. It include the following activities.

1. Assisting in modernisation, expansion, and diversification of the organisation.
2. Helping in the production of substitute products.
3. Providing the necessary finance for the maximum capacity utilisation.
4. Enabling repayment of principal / payment of interest.
5. Reservation of products.
6. Creation of new scope of marketing.
7. Quality testing / improving services.

4. Socio – economic Role

Socio-economic role of EDP facilities the promotion of industries as well as status of the people in the society. It performs the following functions.

1. Augmenting latent qualities of the persons to become entrepreneurs.

2. Utilizing the latent and unutilized resources for the establishment of the enterprise.
3. Helping dispersal of industrial to promote balanced regional development.
4. Creating immediate employment opportunities in small scale enterprises and business sector.
5. Ensuring more equitable distribution of national income and wealth.

ROLE OF GOVERNMENT IN ORGANISING EDPS

Entrepreneurship Development Programmes are otherwise known as the Human Resource Development Programmes. They deal basically with human motivation, skills, competencies, creativity, social and economic risks and investment of financial and physical resources of the state. Therefore, the role of government in organising EDPs is considered significant in a country like ours. It requires the conversion of surplus labour force into real entrepreneurs to tackle the problem of unemployment and poverty by means of the EDP mechanism. For organising EDPs on a sustained manner, the Union and State governments have undertaken the following activities.

1. Establishment of Specialized Institutions of National Level

After the Second World War, concern for economic development became all pervasive. There was a growing concern for economic development and this strengthened interest in entrepreneurship with primary focus on exploring practical measures to augment the supply of entrepreneurs. i.e. persons with competence and aptitude to initiate, nurture and expand industrial enterprises. This resulted in the belief in education and training to inculcate and develop entrepreneurial capabilities in people so that they could set up their own enterprises. Subsequently programmes directed towards this goal were conceptualized.

The birth of training efforts for the promotion of entrepreneurship in the country was purely an indigenous initiative, i.e. The “**Technician**

Scheme” launched in the year 1969 by two state-level agencies of Gujarat. The scheme visualized 100% finance without collaterals. A large number of people took advantage of this scheme. The real gain of the scheme was the realization that there is vast entrepreneurial potential available in the country that could be tapped and developed through appropriate training intervention.

1. National Institute for Entrepreneurship and Small Business Development (NIESBUD)

It is an Apex organisation for organising and conducting EDP under Ministry of Industry, Government of India, It is located at Noida (UP).

2. Small Industries Service Institutes (SISIs)

It is set up by Government of India. It is having its network of branches in many states in India. For a detailed answer refer Chapter 4 of the Book.

3. National Institute for Small Industry Extension and Training (NISIET)

NISIET is established in 1960, under Ministry of Small Scale Industries, Government of India. It is located at Yousufguda, Hyderabad. The NISIET, since its inception has taken gigantic strides to become the premier institution for the promotion development and modernisation of the SME sector. An autonomous arm of the Ministry of Small Scale Industries (SSI), the Institute strives to achieve its avowed objectives through a gamut of operations ranging from training, consultancy, research and education, to extension, and information services.

4. Entrepreneurship Development Institute of India (EDI)

The Entrepreneurship Development Institute of India (EDI), an autonomous body and not-for-profit institution, set up in 1983, is sponsored by apex financial institutions, namely the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation

of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI) and State Bank of India (SBI). The institute is registered under the Societies Registration Act, 1860 and the Public Trust Act, 1950. The Government of Gujarat pledged twenty – three acres of land on which stands the majestic and sprawling EDI campus.

5. National Science and Technology Entrepreneurship Development Board (NSTEDB)

In order to focus on special target groups like science and technology personnel, the Union Government has established the NSTEDB, operating under the Department of Science and Technology, Government of India. It has strived to spread the message of entrepreneurship among science and technology personnel by organising EDPs.

6. IEDs and CEDs in different states of India

Various IEDs and CEDs have been set up in different parts of India. The objective of these specialised institutions is to equip the ordinary person with basics of entrepreneurial and managerial skills on order to enable him to be an effective entrepreneur. The schemes, which include EDP concept, are:

1. Prime Minister's Rojgar Yojana (PMRY) Scheme.
2. Swarnajayanti Gram Swarajgar Yojana (SGSY) Scheme.
3. Rural Employment Generation Programme (REGP) Scheme.

7. The Indian Institute of Entrepreneurship (IIE)

The Indians Institute of Entrepreneurship (IIE) was established in 1993 by the Ministry of Industry, Government of India with its Headquarter at Guwahati to undertake training, research and consultancy activities in the field of small industry and entrepreneurship. The Institute was registered under the Societies Registration Act XXI of 1860. It started its activities from April 1994.

Besides the Government of India, North Eastern Council. Small Industries Development Bank of India and the Government of Arunachal Pradesh are its sponsors.

CHAPTER – VI

WOMEN ENTREPRENEURSHIP

INTRODUCTION

Of late entrepreneurship amongst women has become a topic of concern for all of us. Since women constitute nearly fifty percent of the total population of our country, it is necessary they play a positive and constructive role in the socio-economic development of the country. After Independence a good deal of attention has been given to spread of literacy, increasing employment through industrial development and improving health and quality of life of women in the country.

MEANING

Women entrepreneurs may be defined as the woman or a group of women who initiate, organize and operate a business enterprise. Any woman or group of women which innovates, initiates or adapts an economic activity may be called women entrepreneurship.

NEED FOR WOMEN ENTREPRENEURSHIP

For a long time women were confined to the limits of the home. Gradually more and more women entered professions and services. Now, finally, the women entrepreneurs have arrived. Business acumen is no longer a man's prerogative. Women are rapidly emerging as smart and dynamic entrepreneurs.

Women have entered almost all areas of business activity, for Example: **Mrs. Prabha Reddy**, V- Care Products. Women have already entered the field. And the Indian women has ventured in areas like cement

manufacturing, steel works, etc. in which most of her counterparts from the more developed countries are yet to enter. In India, certainly women to mean business, women entrepreneurship is required on the following grounds:

- Society cannot afford to ignore this vast human resource with its immense potential.
- Favourable changes in the socio-economic scene such as advent of labour saving devices have freed women from drudgery of long labour.
- Concept of small family and break up of traditional joint family system has resulted in psychological liberation experienced by women.
- Increased aspirations to widen their horizon and extend their role.

SCOPE OF WOMEN ENTREPRENEURSHIP

In rural areas where agriculture is the prominent activity, agro based industries like food preservation, bakery, dairy, poultry can be taken up by women. They have been helping men in all these activities without getting any credit or money with a little training they could do it on their own in a business like manner. In areas where forests predominate, forest preservation, collection, assortment and classification of medical plants too can be done by them. For Example; First Women Travel Guide, who was neglected only because she is women, named Thinlas Chorol, from Ladakh, owns a LADAKH WOMEN Travel Agency, employed only women and received business award from Indian Merchant Chamber in 2012.

In districts where industries are located, spare parts and ancillary units can be managed by women. Apart from traditional industry, women should also be encouraged in mechanical and electrical activities. They can be trained in maintenance and repairs of all small machineries and

they can be encouraged to start small workshops. Technical institutes can train girls and encourage them towards selfemployment.

In urban parts, apart from teaching, nursing and other traditional occupations, there are many new areas where women can start on their own. With modern technological revolution, the field is vast and open, Electronics, computer services, information and consultancy services, advertising and publicity are some of the areas that women entrepreneurs can explore. What they need is training, finance and the cooperation and encouragement from the family, the society and the governmental organisations. That will enable women entrepreneurs to enter the mainstream of the country's economy, which in turn will speed up the economic development of our country.

QUALITIES OF WOMEN ENTREPRENEURS

To be successful, women entrepreneurs must possess the following attributes:

1. Enthusiastic
2. Imaginative
3. Realistic
4. Intuitive
5. Optimistic
6. Enterprising
7. Developmental
8. Persevering
9. Patient
10. Self-motivate
11. Self-confident
12. Willing to take risks
13. Prepared to take challenges
14. Dynamic.

Even if a woman does not possess all these qualities willingness to take up business and develop entrepreneurial activities will go a long way towards equipping her for business ventures.

TYPES OF WOMEN ENTREPRENEURS

Robert Goffee and Richard Scase classify women entrepreneurs into four types:

- | | |
|---------------|-----------------|
| 1. Innovative | 2. Conventional |
| 3. Domestic | 4. Radical |

The rationale of the classification is the degree of commitment to gender role ideology and entrepreneurial ideals. The gender role ideology may be defined as the values, attitudes and personality characteristics which distinguish between the observable gender-related behaviours which differentiate the sexes (Spence and Helmreich, 1978). The gender role system in a society holds stereo-types for what males and females should be like, but it also defines many activities, tasks, behaviour and skills as being more appropriate for one sex or the other. A woman entrepreneur's commitment to gender ideology can be measured by her concurrence to

(i) the different sets of personality characteristics, the masculine and feminine stereo types (ii) the different tasks and activities assigned to men and women, leading to the division of labour; and (iii) the perception that males have a higher value than females (Wendy A.Duncan, 1989). Entrepreneurial ideals are defined as a set of attitudes characterized by (i) belief in economic self-advancement, (ii) adherence to individualism, and (iii) strong support for work related excellence and profits.

There are probably more of conventional and domestic types than women of other types. The women's movement has brought to the scene 'innovative' and 'radial' women proprietors. The upward mobility of a woman entrepreneur is to rise from the low profiting domestic type to profit-oriented innovative type.

Most of the units run by women are craft-based and do not conform to the description of an industry. What is imperative today is a strong policy back-up for the diffusion of a greater measure of technology from the large units, leading to technology up gradation of the small units. The New Industrial Policy talks of modernizing the handloom, handicrafts, village and khadi industries segment.

Given the existing state of technology and equipment, it does not ensure to the artisans or workmen, even the subsistence level of wages. The modernization as envisaged does not also guarantee marketing support or evince political will to upgrade the technology of the small sectors.

What the Government could do is to provide some technological support through research and Development between specialized institutions and the small sector. At present, most of the R&D work in institutions is divorced from what the small sector needs. It will be useful if the Government initiate steps to expand and reorient the Development Centers and the tool-room facilities providing ample scope for small women entrepreneurs to test and diversify their products.

STRATEGIES FOR DEVELOPING WOMEN ENTREPRENEURSHIP

Entrepreneurship is very specialised field where success depends strictly on personal ability in management, creativity imagination, self discipline, emotional stability and objective thinking. Women have to be motivated to join the national main stream of entrepreneurship by participating in the economic activity. It need not necessarily be welfare oriented but productivity oriented for specific economic development. It can be stated that the entry of women to industry in the last decade coincides with the shift in economy, based on low technology to high technology. Computers, laser optics, electronics and the latest in communication technology introduced a sea change in production, technology where brain power rather than muscle power is needed for entrepreneurship.

Probably the shift in the production technology with the consequent change in customer demands also paved the way for increased women entrepreneurship.

The essentials of women entrepreneurship are opportunity, ability, motivation and attitude. When an individual is motivated by ability and

opportunity factors, it results in productivity. Similarly, motivation and attitudinal factors serve as facilitators on ability and opportunity to work as catalysts for crystallizing the entrepreneurship with productivity. When motivational factors are absent ability and opportunity of individuals stays dormant. The opportunity factor includes the volume of human energy, development of household technology, government laws, economic factors, social factors etc.

PROBLEMS OF WOMEN ENTREPRENEURS

“For starting and running the unit women have to face various problems. These problems are classified under two categories.

A. Gender Related

The biggest problem or difficulty of a women entrepreneur is that she is women. Some psycho-social factors impeding the growth of women entrepreneurship are given as problems as women. They are:

a. Poor self Image of Women

The present education, books, the media, films and all prevailing socio-cultural norms conspire and combine to perpetuate the image of women as a weak, submissive, non- aggressive daughter, an obedient, dutiful, dependent and faithful wife and a self sacrificing mother. Women themselves are so conditioned that they too unquestioningly accept this image of themselves and denigrate other women who might choose to question or step out of this traditional acceptable mould.

b. Discrimination

The perception of the states hierarchy based on the concept of men as ‘Superior’ and women as inferior has made the women subservient. Women is denied not in terms of her relation to man. Due to this social environment prevalent, they are unable to move freely as quickly as an individual to distant places to mobilise their resources or markets. This is a hindrance to their growth of business.

c. Faulty Socialisation

Right from early childhood when the educational conditioning begins, the attitudes comments and plans of their encouragement are different for each sex; the tasks to be performed, the game to be played are different. This tends to inhibit, entrepreneurship quality in two different ways. First an ideal of feminist has been set up, the values of which are contrary to those qualities needed for entrepreneurship.. Women and young women in particular internalize those values and limit their aspirations accordingly. Second whoever resist this socialization with the exception of a token few, are punished for their femininity and independence. Because of this faulty socialisation women are not ready to enter into the business.

d. Role Conflict

A women's role refers to the way she is expected to behave in certain situations. In the Indian context, women's place is completely at the mercy of her male relatives, first by virtue of birth and second by marriage. Indian women find it difficult to adjust themselves to the dual role that they have to play as traditional housewives and compete with men in the field of business and industry.

e. Cultural Values

Women in our country has been worst victims of exploitation, perpetuated by an adjust socio-economic system dominated by old feudal values. The problems that women faced in entrepreneurship career are resistance, apathy, shyness, conservation, inhibition, poor response which are products of cultural traditions, value systems and social sanctions.

B. Practical Problems

1. The foremost difficulty of women entrepreneur is arranging finance and capital. Money is the blood stream of any enterprise. One can borrow finance from banks and other financial institutions. But the biggest catch is that of collateral security which is required to get bank

credit. Women may have some jewels but even then they cannot give it as security without the consent of the husbands or male members of their family. The male members may even persuade women to part with their jewels but not ready to invest anything in the projects of women members. Procedures of obtaining bank loans and delay in getting it deter many women from venturing. At the Government level the licensing authorities, labour officers and sales tax inspector ask all sorts of humiliating questions like what technical qualifications you have, how will you manage labourers', how will you manage both house and business, does your husband approve etc.

2. Location disadvantages are not uncommon for some entrepreneurs, because of their rural background and location. They are not having access ability to good markets. As a result, they are unable to get enough orders and market exposure.

3. Common problems for all entrepreneurs are how to market the product. They don't know how to contact and whom to contact. Here the middlemen try to exploit women entrepreneurs. If she decides to eliminate all the tasks, she has to perform all the tasks. In these days, of strict competition, a lot of money is required for advertisement. If the product happens to be a consumer goods then it takes time to win people away from other products and make this product popular. Because of these reasons, they could not achieve significant growth in sales. Hence they are forced not to increase the production on any large scale.

4. The non-availability of raw material within their region is also a main problem to the entrepreneurs. They do not know from where they can get it at cheap rate.

5. The paucity of liquid resources, i.e. working capital has been regarded as another main problem in their day-to-day operation.

6. Non-availability of skilled labour is quite common and is serious problem for women. They need women workers mainly due to the nature of the product which they are producing like fabric painting, embroidery,

handicrafts, etc. By nature, workers could not like to come down to entrepreneurs place of work. As a result entrepreneurs are forced to go to workers place and hand over the entire work to them. This lead to high cost of production.

7. Those entrepreneurs who are doing embroidery, garments, painting, etc., are facing still price competition from the agencies sponsored by the government like Rural Development Agencies. This restricts the market of their products.

REMEDIAL MEASURES

To overcome all such problem efforts are being taken by all the agencies on the following lines:

1. **Promotional Help:** To formulate project in a proper form and also in drafting project report, getting concurrences from various authorities for different purposes.

2. **Training:** Achievement of motivation and training in the particular industry are also being imparted.

3. **Selection of Machinery and Technology:** Suitable assistance in the choice of appropriate machinery and equipment must be provided.

4. **Finance:** Banks and other institutions agencies are adopting special schemes for rendering assistance women entrepreneurs. Concessions and preferences are also given to them.

5. **Marketing Assistance:** Providing information relating to the market condition, price level competition and other things too, women entrepreneurs will greatly relieve them from too much of torture.

Besides that, they too should possess certain qualities to become successful entrepreneurs by overcoming the problem as women.

INSTITUTIONS ASSISTING WOMEN ENTREPRENEURSHIP

An entrepreneur will require some orientation, acquaintance and moral support from various institutions. For selection of industry - Small Industries Service Institute and District Industries Centre. For Registration - District Industries Centres Factory accommodation- District Industries Centre, SIDCO, SIPCOT.

For Finance - Tamil Nadu Industrial and Investment Corporation & SIPCOT (Long Term Credit for fixed assets) District Industries Centre - (loans under state Aid Rules for block capital), Commercial Banks (Loans for meeting term and working capital needs)

SELF HELP GROUP-AN AVENUE FOR WOMEN ENTREPRENEUR

Self-help groups play a significant role for the development of individual, group and society as a whole. More thrust, needs to be given in the promotion of SHGs, their co-ordination and endurance. Without sufficient financial input, their development will not be a reality; banks and government agencies involved in the promotion and development of SHGs should make committed involvement in making this methodology of “all for all” a successful exercise and make a role model for other states too.

On the other hand, self-help groups should actively involve themselves in taking up agriculture work, waste land development, small business activity and see that the loans to the groups are properly repaid. SHGs will go a long way in the eradication of poverty and thereby improve the standard of living of the poor and rural mass.

Concept of SHG

“All for all” is the basic principle of SHGs concept. It is mainly concerned with the poor and it is for the people, by the people and of the people. Under Mahalir Thittam, the Non-government organizations

(NGOs) actively participate to carry out the household survey on the basis of Participatory Rural Appraisal method. NGOs are entrusted with the task of forming Women groups (SHGs) in the village level.

The origin of SHGs is the brainchild of Gramin Bank of Bangladesh, founded by the famous economist, Prof. Mohammed Yunus of Chittagong University in the year 1975. This was exclusively established for the weaker sections of the community. The poor people can derive the benefits or linkage with various banking institutions. In India, NABARD (National Bank for Agricultural and Rural Development) has taken interest to translate the benefits derived from the Bangladesh model to develop the poor through SHG in 1992 which is generally treated as finance to tiny or small industries, the most important 'Priority Sector' in the Indian economy.

Objectives of SHGs

- To inculcate the habit of thrift and savings among group members and to get relief from the clutches of money lenders.
- To develop the capacity of disadvantaged women in order to enable them to meet all social and economic barriers and thereby help them to become empowered citizens.
- To attain the equality of status of women as participants, decision makers, and beneficiaries in the democratic, economic, social and cultural spheres of life. ➤ To create democratic, economic and social process through institutions to motivate women to participate fully and actively in decision making in the family, community at the local, district, State and national level. ➤ To empower women to associate together with men as equal partners and to create a new generation of women and men to work together for equality, sustainable development and communal harmony.

➤ To promote and ensure the human rights of women at all stages of their life.

At present, under Mahalir Thittam the size of the groups is small, ranging between 12-20 to facilitate sustainability and not to exceed 20. The age limit for the membership will be 21 to 60. The members will all be married women and preference will be given to widows, divorcees, deserted and handicapped women and women belonging to SC/ST community. All members must be below the poverty line. The group members will meet every week for savings and payment and repayment and every fortnight for discussing all other matters. The agenda will be prepared and discussed in each meeting. The matters regarding savings, rotation of Sangha (group) funds, bank loans and repayments, and social and community action programme will be discussed in every meeting. Since the group functions in a democratic way, one animator and two representatives will be selected among the members instead of the usual president, secretary and treasurer set up. Animator will be the role model for the groups and for the village as a whole. The animator position will be rotated amongst the representatives once in every two years.

BANKING SUPPORT

All banks are lending the credit facilities to the SHGs members for production and consumption purposes on the condition of maintaining proper records, organising the group meetings, creating awareness about the women related issues and discussing various matters regarding village problems in every such group meetings.

The Women Development Corporation has insisted, the groups must maintain the relevant books of account in double entry book keeping system in order to facilitate audit or to verify the accounts. The grading of groups will be done taking into account the following activities; on the basis of meetings organised by the group (with minimum attendance of 75%) involvement of group meetings, quantum and number of savings per month, interest rate on internal loans, repayment of internal loans and books maintained by the groups.

If a group gets more than 55 of the total of 100 marks, Project Implementation Unit (PIU) of the Mahalir Thittam District Coordinating agency will recommend to the bank for getting outside credit to the women group. For the first year, groups are eligible for getting two and four times of total savings in the second year. The Chief Minister of Tamil Nadu has said that, twenty four thousand women groups have been formed with Membership of more than Four lakhs forty two thousand and the members have contributed more than Thirty two crores, based on which a sum of Ninety seven crores have been disbursed by the banks.

SHGs Identified with SGSY

Generally, all the government programmes are formulated for improving the economic conditions of the individual. On 1.4.99, the government of India has launched a new self-employment programme called Swarn Jayanti Gram Swarozgar Yojana (SGSY). It covers all aspects of self-employment, viz. organisation of the rural poor into selfhelp groups, their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

The eradication of poverty among rural poor in a period of three years is the ultimate goal of this programmes by identifying 4 or 5 viable projects the specific area with the use of locally available resource in the district. The Gram Sabha will authenticate the list of families below the poverty line based on the Below the Poverty Line (BPL) census.

Each district will prepare project reports in respect of different activities in a specific area. The project will seek to define the different activities to be taken up, the time and cost factors, as well as the responsibility of different organisations. The banks and other financial institutions will be closely associated and involved in preparing these reports, so as to avoid delays in sanctioning of loans and to ensure adequacy of financing.

The outside credit will be provided to the group (SGSY) on the basis of project proposal submitted by the group for agricultural and allied

activities. In respect of land based activities, SGSY will focus on creation and extension of members facilities to enable the small marginal farmers to take up the activities such as horticulture, floriculture etc.

The banks will provide the subsidy to the general individual beneficiaries under the integrated programme uniformly irrespective of category of area at 30% (50% for SC/ST) of the project cost subject to a ceiling of ` 7500 (` 10000 for SC/ST). For Group beneficiaries, the existing pattern of subsidy is 50% of the cost of the scheme, subject to a ceiling of ` 1.25 lakhs.

Hence, the basic objectives of SGSY are like that of SHGs. Now SHGs are identified as one of the sub schemes of the SGSY.

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