



ENTREPRENEUR DEVELOPMENT

UNIT-1

CONCEPT OF ENTREPRENEUR

TWO MARKS QUESTIONS:-

Who is an entrepreneur?

The term “Entrepreneur” is derived from the French work known as “Entreprendre”, which means to “undertake”. In business context it means to start a business. An entrepreneur is an individual who runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commodity seen as a business leader and innovator of new ideas and business processes.

In other words entrepreneurs are the people who have the skills and initiative necessary to take good new ideas to market and make the right decisions to make the idea profitable. The reward for the risks taken is the potential economic profits the entrepreneur could earn.

Define Entrepreneurship (or) What is Entrepreneurship?

Entrepreneurship is the process of starting a business or other organization resources, and is fully responsible for its success or failure.

A.H.Cole has defined entrepreneurship as “the purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain, or earn profit by production and distribution of economic goods and services.”

State the aim of classical entrepreneur.

Classical entrepreneurs are those persons who are concerned more about customers as well as market. They take business as an integral part of life. They are particular about maximising their returns. They are traditional and stereotype in their approach.



Give the meaning of Technologist Entrepreneur.

Technologist entrepreneur is high-tech entrepreneurs. They have acquired advanced technical knowledge and are interested in using this knowledge for business purpose, e.g. software engineers. These entrepreneurs want to establish their presence in the world, exploit business opportunities in foreign countries. The number of foreign entrepreneurs has increased significantly due to the globalization policy followed by various countries in last two decades.

What are the internal factors that motivate an Entrepreneur?

Internal factors consist of characteristic and behaviour of an individual. They relate to the personality of an individual and psychological in nature. These factors only motivate an individual to become an entrepreneur and contribute much to the growth entrepreneurship.

Distinguish between invention and innovation.

“Invention” can be defined as the creation of a product or introduction of a process for the first time. “Innovation,” on the other hand, occurs if someone improves on or makes a significant contribution to an existing product, process or service.

Who is imitating entrepreneur?

Imitating entrepreneurs are not innovative in nature. But they are ready to adopt successful innovation as their way of life. They are known as adoptive or imitating entrepreneurs. The imitators do follow the innovators and design their production. What they do is, just imitate the successful entrepreneurs and combine the business.

What is innovation?

“Innovation,” occurs if someone improves on or makes a significant contribution to an existing product, process or service.



FIVE MARK QUESTIONS:-

State the qualities of an entrepreneur.

A close analysis of the concept of entrepreneur made in the preceding paragraphs reveals the following as the qualities/traits of a successful entrepreneur:

Capacity to take risk.

Capacity to work hard.

Energetic.

Drive.

Self-confidence.

Intelligence and knowledge.

Ability to foresee future.

Willingness to change.

Ability to mobilise resources.

Ability to build up organisation and administer.

Ability to take decisions.

Willingness to take responsibility.

Innovativeness.

Desire for high achievement.

Capacity to solve problem.

Using feedback.

Taking initiative.

Handling failures.

Locus of control.



Tolerance of uncertainty.

Flexibility.

Guarding business secrets.

Quality conscious.

Tactful.

Have vision.

Information seeking.

Monitoring.

Welfare orientation.

Systematic planning.

Persuasion.

Explain the importance of entrepreneurship.

Entrepreneurship being an intangible factor is the moving force and development is the consequence. It has an important role in the context of a developing nation like India which is confronted with major socio-economic problems. Entrepreneurship can play an important role not only in the industrial sector of a country but in the farm and service sectors also.

Entrepreneurship has a tendency to automatically contribute to the development of a country in the following ways in India.

The entrepreneurship makes the society an enterprising one, thus reducing the dependency on the wage-employment.

Makes the society more self-confident and capable of solving its problems on its own and feel concerned for change and growth and value work.

India has many resources lying unutilized e.g. human resources. Entrepreneurship will help in locating these resources and mobilizing them to meet the challenges.



What are the functions of Entrepreneurs?

An entrepreneur performs all the functions right from the conceiving of an idea upto the establishment of an enterprise. He is an opportunity seeker, and organises and co-ordinates the factors of production. His main functions are:

Generating business idea.

Determining business objectives.

Product analysis.

Deciding the form of enterprise etc.

Enumerate the characteristics of Entrepreneurs.

Characteristics of Entrepreneurs:

Entrepreneurship is characterized by the following features:

Economic and dynamic activity:-

Entrepreneurship is an economic activity because it involves the creation and operation of an enterprise with a view to creating value or wealth by ensuring optimum utilisation of scarce resources. Since this value creation activity is performed continuously in the midst of uncertain business environment, therefore, entrepreneurship is regarded as a dynamic force.

Related to innovation:-

Entrepreneurship involves a continuous search for new ideas. Entrepreneurship compels an individual to continuously evaluate the existing modes of business operations so that more efficient and effective systems can be evolved and adopted. In other words, entrepreneurship

is a continuous effort for synergy (optimization of performance) in organizations.

Profit potential:-

“Profit potential is the likely level of return or compensation to the entrepreneur for taking on the risk of developing an idea into an actual



business venture.” Without profit potential, the efforts of entrepreneurs would remain only an abstract and a theoretical leisure activity.

Risk bearing:-

The essence of entrepreneurship is the ‘willingness to assume risk’ arising out of the creation and implementation of new ideas. New ideas are always tentative and their results may not be instantaneous and positive.

An entrepreneur has to have patience to see his efforts bear fruit. In the intervening period, an entrepreneur has to assume risk. If an entrepreneur does not have the willingness to assume risk, entrepreneurship would never succeed.

TEN MARKS QUESTIONS:-

Describe the functions of an entrepreneur.

An entrepreneur performs all the function right from the conceiving of an idea up to the establishment of an enterprise. He is an opportunity seeker. He organises and co-ordinates the factors of production. His main functions are discussed below:

Generating Business Idea:- Generation of idea is the first and foremost function of an entrepreneur. Essentially there are only two ways in which business ideas can be created namely (i) Generating own idea, or (ii) developing someone else idea. The second is far more common because virtually every successful business is a development of an earlier business concept. These include areas such as management buy-outs or buy-ins, corporate spin-off, franchising and buying an existing business.

In terms of generating business ideas, there are three sources of opportunities such as adverts, agents and opportunity spotting, or watching out for business that one find match his objectives.

Determining business objectives:-

The next function of entrepreneur is determining business objectives. He should lay down his objectives clearly. He should clearly state the nature of business and the type of business. In other words, he has to specify clearly



whether the business, which he decided to start, belongs to manufacturing activities or trading or service oriented organisation. It will enable him to carry on the activities without any hesitation.

Product analysis:-

The next important function of an entrepreneur is product analysis and market research. He should conduct market research in order that the data regarding the product, which he like to manufacture, can be systematically collected. It should be carried on persistently because it gives him the information regarding the demand for the product, supply of the product, price of the product, size of the customer's etc.

Deciding the form of enterprise:-

Another important function of an entrepreneur is deciding the form of an enterprise. It should be decided by taking into account the factors, such as nature of the product, volume of investment, nature of activities, types of products, quality of product, quality of human resources etc. The various forms of organisations that are prevalent are sole trading concerns, partnerships firms, co-operative society and joint stock companies. Before establishing an organisation, the form of ownership should be decided. The other legal formalities can be carried on to establish the organisation.

Promoting the enterprise:-

Once the form of ownership is decided, the next step is undergoing the necessary legal formalities as required under the relevant statute if any to establish an organisation. In case of sole trading concerns and partnership firms, there are not many legal formalities when compared to joint stock companies and co-operative societies. He has to read the relevant statute and fulfil the necessary legal formalities in establishing the enterprise.

Raising Necessary funds:-

Finance is the life-blood of any business because all the activities of a business depend upon it. Hence raising of finance is considered as the most important function of an entrepreneur. He needs funds for purchasing assets, carrying



out day-to-day activities, meeting establishing expenses etc. He raises funds internally as well as externally.

Procurement of Machine and Material:-

The next function is procuring machines and raw materials. Machines and equipments are purchased and installed in the initial stage itself. While purchasing them he should consider the aspects like details as to the technology adopted, installed capacity of the machines, details of manufactures and suppliers, country in which the machines are manufactured i.e., whether they made domestically or in a foreign country, availability of after sales service facilities and warranty period given etc. This will enable entrepreneurs to buy quality machines at cheaper rates.

Recruitment:-

Recruiting of suitable personnel for the various activities of the enterprise is another important function of an entrepreneur. First of all, entrepreneur has to estimate the manpower need of the enterprise. Then he has to lay down the selection procedure. He should devise suitable method of compensation. Arrangements should be made for giving training to personnel to the jobs which they have been recruited.

Undertaking the activities:-

This is the stage of implementing the project. It should be done in a time-bound manner. He should perform it as per schedule. This will enable him to avoid cost and time over run and also competition.

All the above functions can be broadly categorised into three namely,

Risk-bearing

Organisation

Innovation

Explain briefly the various classifications of entrepreneurs. / Discuss the various types of entrepreneur.



Entrepreneurs are of many types. They may be classified based on many factors. They are found engaged in various types of activities such as industrial, agricultural and commercial. We shall now discuss the various types of entrepreneurs under the following classification.

Classification of D.Ucbasaran, P.Westhead and M.Wright behaviour entrepreneurs.

Nascent entrepreneurs

Novice entrepreneurs

Habitual entrepreneurs

Serial entrepreneurs

Portfolio entrepreneurs

Clearance Danhof's classification based on American Agriculture

Innovating entrepreneurs

Initiative entrepreneurs

Fabian entrepreneurs

Drone entrepreneurs

Classification based on types of business carried on by them

Business entrepreneurs

Trading entrepreneurs

Industrial entrepreneurs

Corporate entrepreneurs

Agricultural entrepreneurs

Classification based on Technology adopted

Technical entrepreneurs

Non-technical entrepreneurs



Professional entrepreneurs

Classification based on motivation

Pure entrepreneurs

Induced entrepreneurs

Motivated entrepreneurs

Spontaneous entrepreneurs

Classification based on development stage

First generation entrepreneurs

Modern entrepreneurs

Classical entrepreneurs

Based on the behaviour of entrepreneurs:-

Nascent-entrepreneur: A nascent-entrepreneur is an individual who is in the process of starting a new business. The concept of nascent entrepreneur appears to reflect most closely the complex entrepreneurial process. They use entirely different styles of problem solving and decision-making, when compared to non-nascent entrepreneurs.

Novice entrepreneur: A novice entrepreneur is an individual who has no prior business ownership experience as a business founder, inheritor of a business, or a purchaser of a business.

Habitual entrepreneur: A habitual entrepreneur is an individual who has prior business ownership experience. A nascent entrepreneur can either be a novice entrepreneur or a habitual entrepreneur.

Serial entrepreneur: A serial entrepreneur is an individual, who has sold or closed an original business, established another new business, sold or closed that business, and continues this cycle of entrepreneurial behaviour. In other words, he goes on commencing a business and selling it continuously.

Portfolio entrepreneur: A portfolio entrepreneur is an individual who retains an original business and builds a portfolio of additional business through



inheriting, establishing, or purchasing them. He is the one who grows by leaps and bounds.

Based on American Agriculture:-

Innovative entrepreneurs: Innovative entrepreneur look at the opportunity for introducing a new technique of production process, or a new commodity as a new market or even reorganise the enterprise. They are competitive and possess inventiveness, which enable them to invest new products.

Imitative entrepreneurs: imitative entrepreneurs are also known as adaptive entrepreneurs. They adopt successful innovation introduced by innovative entrepreneurs. They do not involve in inventing new product, method etc. They simply imitate the inventions made by the innovators.

Fabian entrepreneurs: Fabian entrepreneurs are characterised by great caution and septicism in practicing any change in their organisations. They are easily adaptable to the changing environment. They adapt change only when they realise that failure to adopt will lead to loss or collapse of the enterprise.

Drone entrepreneurs: Drone entrepreneurs are characterised by a refusal to adopt and use opportunities to make change in production. They are conservative.

They always feel comfortable with their old fashioned technology of production. They never like to come out of their old business even though they suffer losses.

Classification based on the type of business carried on by them:-

Business entrepreneurs: Business entrepreneurs are individuals. They normally work alone and so they are also known as solo operators. Business entrepreneurs conceive an idea of a new product or service, and start a business to produce that product or service. He translates a vision into a reality. They establish either a small business unit or large establishments.

Trading entrepreneurs: Trading entrepreneurs are undertaking trading only. They do not normally carryout production activities. They identify potential markets, activate demand for their products and create a desire in the minds



of buyers to buy their products. They are innovative and identify new markets. They involve both in domestic as well as foreign trade.

Industrial entrepreneurs: They are essentially manufactures who identify the needs of customers and tailors to produce goods with ingenuity to meet the marketing needs. Industrial entrepreneurs are called product-oriented persons. They start an industrial enterprise for producing some new-products.

Corporate entrepreneurs: Corporate entrepreneurs are innovating in organising and managing a corporate body. They are called promoters. They have special skills in planning, organising, developing and managing a corporate enterprise.

Agricultural entrepreneurs: Agricultural entrepreneurs involve in agricultural activities such as raising and marketing of crops, fertilizers and other inputs of agriculture. They are motivated to increase the productivity of agriculture.

Based on Technology adopted:-

Technical entrepreneurs: Technical entrepreneurs as the name implies are worried more about production and quality of goods produced. They are not at all bothered about marketing. They improve the techniques of production. They possess production skills, they are technically educated/experienced.

Non-technical entrepreneurs: Non-technical entrepreneurs are not concerned with the technical aspects of the product, which they are dealing. They are concerned more about marketing rather than production. They develop alternative marketing and distribution strategies to promote their business.

Professional entrepreneurs: Professional entrepreneurs are those who are interested in establishing an enterprise not with an idea to manage it but to sell it after it is set up and start functioning. He sells out the running business and starts another venture with the sale proceeds. They keep on conceiving new ideas to develop alternative projects.

Based on Motivation:-



Pure entrepreneurs: Pure entrepreneurs are individuals and are motivated by psychological and economic rewards. They undertake work to attain personal satisfaction in work, ego or status. They believe in their own performance while undertaking business undertakings.

Induced entrepreneurs: Governments all over the world offer various incentives to induce the people to undertake entrepreneurial task such as assistance, concessions, subsidies and infrastructure facilities to start a venture. People who are induced by such offers of the Government and start ventures to avail them are called induced entrepreneurs.

Motivated entrepreneurs: Motivated entrepreneurs are new entrepreneurs who are motivated by the desire for self-fulfillment. They start ventures due to possibility of producing or marketing new products in the market. At the time of getting profit they are further motivated.

Spontaneous entrepreneurs: Spontaneous entrepreneurs are those persons who possess natural talents. They are born and not made entrepreneurs. They are very bold and take initiative to start their ventures. They have confidence in their talents.

Based on development stage:-

First generation entrepreneurs: First generation entrepreneurs are those who possess innovative skill. He is an innovator and combines his skill and technology to produce a good marketable product or service. They do not possess any family business background before hand. In fact, they are self-made entrepreneurs.

Modern entrepreneur: Modern entrepreneurs keenly watch the changes in demand and start a venture to fulfil the current market needs. They always produce goods and services as per the changing needs of the time. They adopt changes very quickly.

Classical entrepreneurs: Classical entrepreneurs are those persons who are concerned more about customers as well as market. They take business as an integral part of life. They normally start a venture of self-supporting nature. They are traditional and stereotype in their approach.



Give an account of advantages that an entrepreneur enjoys and obstacles he faces.

Advantages of being an entrepreneur: There are many rewards associated with being an entrepreneur. They are as below.

High degree of independence: Entrepreneurs primarily prefer entrepreneurship because of its independence. Here people enjoy high degree of independence. They are relieved from other constraints, which attracts large number of people to start their own business.

Getting to use a variety of skills and talents: Being an entrepreneur a person is required to acquire a variety of skills and talents. Such skills and talents will not only improve his efficiency in conducting business activities but also helps in overall development of his personality.

Freedom in making decisions: Entrepreneur is occupying a pivotal position in his business. He only takes all business decisions. He need not consult anybody for the purpose. It enables the entrepreneur to think freely and decide about the various aspects of business. It ensures the making of decisions immediately without any delay.

Accountable only to himself: As entrepreneur is a boss, he need not answer to anybody, he is accountable only to himself and not to anybody else. He enjoys complete freedom in performing his tasks.

Scope for tackling challenges: Being an entrepreneur he is supposed to face many challenges. Business is exposed to various risks. Certain risks can be avoided but not all. Hence he will be definitely getting opportunity to tackle challenges. It will mould him, make him experienced, and prepare him to face any sorts of problem, such an exposure facilitates withstanding in the field for a long time.

Experiencing feeling of achievement and pride in attaining goals: Entrepreneur is all in all for his business. So once he achieved the goals, he feels pride. This creates confidence in his mind and fasters further to work hard and reach higher and higher level.



Potential for greater financial rewards: Entrepreneurs work for them and not for others. Hence, there is a lot of scope for financial rewards. The greater the effort, larger will be the rewards and vice versa.

Obstacles to an entrepreneur: Entrepreneurs face many challenges. Of them, most important ones are detailed below:

Change and uncertainty: Entrepreneur deals with future, which is uncertain and subject to change. Being an entrepreneur he is expected to be comfortable with change and uncertainty. Otherwise he may get into trouble.

Bewildering numbers of decisions: As stated already, entrepreneur must make a number of decisions in the course of conduct of his business. Sometimes, he may find it difficult to take timely decision due to too much of work, etc. It may make the entrepreneur to take tough economic choices and dealing with the reality of failure.

Comfortable with taking risks: Business is always subject to changes with changes come uncertainties and risk. So entrepreneur must be comfortable with change and taking risks.

Need many different skills and talents: Entrepreneurs need many different skills and talents to meet the challenges that may occur due to change in technology, fashion, taste of the customers, and policies of government etc. It may not be possible for entrepreneurs to get them acquainted with all types of skills and talents.



UNIT-2

ENTREPRENEURIAL DEVELOPMENT AGENCIES

TWO MARK QUESTIONS:-

What is the main objective of industrial financial corporation of India?

Or

What is the reason for starting industrial development bank of India?

The main objective of IFCI is to provide medium and long term financial assistance to large scale industrial undertakings, particularly when ordinary bank accommodation does not suit the undertaking or finance cannot be profitably raised by the concerned by the issue of shares.

It also provides technical and managerial assistance to promote public and private industries in the country.

Point out the categories of trade mark./ Mention the types of trade mark.

Types of trademarks:

Service mark

Certification mark

Collective mark

Textile mark

Trade name

Well-known trademark

Series trademark

Associate trademarks

Shape trademark

Sound trademark.



Write short notes on Commercial Banks in entrepreneurial development.

Commercial bank is a kind of bank which promotes commercial activities by lending for various commercial activities. The bank cannot offered to give long-term loan and can provide only working capital for business purpose. The commercial activities in the country such as trade, warehousing, transport etc., are finalised by the commercial banks.

In recent days, banks have assumed the role of development of entrepreneurship particularly in developing countries like India. They help for the development of entrepreneurship in the country.

What are the objectives of ICICI? / State the main purpose of ICICI.

The major objective of the ICICI was to meet the needs of the industry for permanent and long-term funds in the private sector. In general, major objectives of the corporation are:

To assist in the creation, expansion and modernisation of industrial enterprises in the private sector.

To encourage and promote the participation of private capital, both internal and external in such enterprises.

To encourage and promote private ownership of industrial investment and expansion of markets.

To provide equipment finance

To provide finance for rehabilitation of industrial units.

What are SISIs? State the reason for starting SISI.

Small industries service institutes (SISIs) were set up with an objective of providing consultancy and training to small entrepreneurs. It covers both existing as well as prospective entrepreneurs. The industrial management training division of the DCSSIs office co-ordinates its activities. At present there are 28 SISIs and 30 branch SISIs are functioning all over the country.



What are DICs?

The district industries centre (DIC) programme was started in 1978 as a centrally sponsored scheme with an object of providing all the services and support to village and small-scale enterprises under a single roof for the effective development of small scale industry in the widely dispersed rural areas and small towns of the country. The main thrust of the DIC programme is on the development of such industrial units, which can create large employment opportunities in rural and semi-urban areas.

What is the main responsibility of District Industries Centre? Or State the objectives of district industries centre.

Accelerate the overall efforts for industrialisation of the district.

Rural industrialisation and development of rural industries and handicrafts.

Attainment of economic equality in various regions of the district.

Providing the benefit of the government schemes to the new entrepreneurs.

Centralisation of procedures required to obtain various permissions, licenses, registrations, subsidies etc.

State the objectives of NSIC.

The main objectives of the national small industries corporation limited (NSIC) as envisaged in its memorandum of association are:

To secure a reasonable share of government order for small units.

To provide loans and technical assistance, which have secured firm orders from the government to execute the orders in time.

To secure co-ordination between large scale and small scale industries so as to enable the latter to manufacture ancillaries, components and other articles required by the former.

To arrange for marketing the products of small units.

To underwrite debentures and guarantee loans from banks and other financial institutions.



FIVE MARK QUESTIONS:-

State the role of industrial development bank of India (IDBI).

Role of IDBI: The provision of debt finance has been the major activity of IDBI. But it has also provided considerable support to the raising of equity finance of industry. It has provided underwriting support on capital issues, direct subscription to equity and seed capital and venture capital support for select entrepreneurs. It has promoted and supported the development of certain capital market institutions such as stock holding corporation of India Ltd. (SHCIL), over the counter exchange of India Ltd (OTCEI) and National stock exchange (NSE).

IDBI has been providing direct financial assistance to large industrial concerns. Aggregate assistance (provisional) sanctioned during 2002-03 amounted to Rs.2,950 crores registering a sharp decline of 78.4 percent over the preceding year. Disbursements amounted to Rs.3,892 crores in 2002-03.

IDBI also provides merchant banking services. During 1993-94, IDBI's Merchant Banking Division lead managed 77 rights and public issues for mobilising Rs. 7,306 crores. Up to end-March 1994, IDBI lead managed 118 rights and public issues for mobilising Rs. 12,341 crores from the capital market.

As regards debenture trustee services, 40 assignments were accepted during 1993-94, in respect of non-convertible debentures, partly convertible debentures, and fully convertible debentures ad bond issues aggregating Rs. 1,252 crores.

Its loan sanctions are increased from Rs.1280 crores in 1980-81 to Rs.26,830 crores in 2000-01, and during the same period disbursements had increased from Rs.1,010 crores to Rs. 17,480 crores. It reflects that industry and business of the country are growing on one side and there is corresponding increase in the mobilisation of resources by the development financial institutions on the other.



What are the functions of SISI?

Small Industries Service Institutes (SISIs) were set up with an objective of providing consultancy and training to small entrepreneurs. It covers both existing as well as prospective entrepreneurs. The Industrial Management Training Division of the DCSSI's office co-ordinates its activities. At present there are 28 SISIs and 30 branch SISIs are functioning all over the country.

Functions:

To serve as interface between central and state governments.

To render technical support services.

To conduct entrepreneurship development programmes.

To initiate promotional programmes.

To assist in preparing project profits, training trade and market information, economic consultancy, state industrial potential survey and modernisation studies.

Co-ordination with DICs.

Preparation of directory of specific industry.

To control the pollution.

Other action plan activities assigned by head quarters.

SISIs and its branches have common facility workshops in various trades. There are at present 42 such common facility workshops attached to SISIs / Branch SISIs.

Discuss the functions of SIDO.

Small industries development organisation (SIDO) was established in 1954 on the basis of the recommendations of the Ford Foundations. SIDO provides economic information services and advises government in policy formulation for the production for the promotion and development of SISIs.

Its main functions can be discussed under the following heads:



Co-ordination

Industrial development and

Extension

Co-ordination:- SIDO's functions relating to co-ordination are as follows:

It evolves a national policy for the development of SSI units.

It co-ordinates the policies and programmes of various state governments.

It maintains a proper liaison with the central ministries relating to it, planning commission, state governments, financial institutions etc.

It co-ordinates the programmes for the development of industrial estates.

Industrial Development: Its functions relating to industrial development are as follows:

Reserving items for the production of SSI units.

Collecting data on consumer items imported to encourage the selling up of industrial units to produce them by giving necessary assistances.

Supporting for the development of ancillary units.

Encouraging SSI units to take part actively in government stores purchase programme.

Extension: Besides the above said functions, it performs the following extension functions also:

Provision for technical services for improving technical process, production planning, selecting appropriate machinery, preparing factory layout and design.

Providing consultancy and training services for strengthening the competitive ability of SSI units.

Rendering marketing assistance to SSI units for effectively selling their products.



Providing assistance in economic investigation and information to SSI units.

TEN MARK QUESTIONS:-

Discuss the role and functions of industrial finance corporation of India IFCI. / Describe the types of assistance provided by IFCI.

The Industrial Finance Corporation was established in 1948 under the Industrial Finance Corporation Act, 1948 as a statutory corporation. The principal objective of the corporation is to provide long and medium term funds to the industrial units in our country. Initially, the corporation was authorised to assist only public limited companies in the private sector and the co-operative societies, which are not able to secure assistance from the banking companies, or from the capital market. In 1960, the IFC Act was amended to widen the scope of its activities and thereby public sector units, private limited companies and partnership concerns were also made eligible for its assistance. The Act was further amended in the years 1970 and 1973 and its scope was further expanded. Today, the IFCs role extends to the entire industrial spectrum of the country.

Pursuant to the IFC (Transfer of Undertaking and Repeal) Act, 1993 the undertaking of IFCI under the erstwhile IFC Act, 1948, stood transferred to and vested in the new company called Industrial Finance Corporation Of India Ltd. With effect from July 1, 1993.

Functions of IFCI: Direct financing is the main business of the corporation. It provides direct finance for promotional activities like starting new ventures, expansion of capacity for replacement, renovation or modernisation of the existing industrial units particularly large and medium units. Originally, the IFCI was authorised to deal with requests for loan for Rs. 10 lakhs and above. But now it is entertaining only applications above Rs.2 crores.

Under Sec. 23 of the IFC Act, the corporation has been authorised to render its financial assistance in the following six ways:

Guaranteeing loans raised by industrial concerns from the capital market, scheduled banks or state co-operative Banks which are repayable within a period of 20 years.



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Granting loans either directly or by subscribing to the debenture of industrial concerns repayable within 25 years.

Underwriting of the issue of shares, bonds on debentures.

Subscribing directly to the stocks, shares, debentures and bonds issued by industrial concerns.

Acting as an agent of the Central Government and the World Bank (IBRD) in respect of loans sanctioned by them to the industrial concerns.

Guaranteeing:

Deferred payments for machinery imported from abroad or purchased within the country.

Foreign currency loans raised by industrial concerns from foreign institutions, and

Rupee loans raised by industrial concerns from scheduled banks or state co-operative banks or the public market.

Besides it offers financial services such as equipment leasing, equipment procurement, buyers and suppliers credit, finance to leasing and hire purchase concerns etc. IFCI provides merchant banking services and undertakes project counselling, issue management and debenture trusteeship assignments. Further, IFCI undertakes promotional activities to provide a stimulus to industrialization process.

The IFCI is also undertaking various promotional activities financed out of its benevolent reserve fund. The following activities are worth mentioning:

Entrepreneurial guidance

Technical consultancy organisation

Risk capital scheme

Technical assistance scheme

There is no doubt that the IFCI has experienced impressive performance over the years.



Describe the functions of DIC.

The District Industries Centre programme was started in 1978 as a centrally sponsored scheme with an object of providing all the services and support to village and small-scale enterprises under a single roof for the effective development of small scale industry in the widely dispersed rural areas and small towns of the country.

The important functions of DICs summarised as below:

Identification of entrepreneurs: DICs main function is to identify of new entrepreneurs, for which they conduct motivated programmes throughout the district, especially in the head quarters of Panchayat Union.

Conducting Surveys: DICs conduct survey on the potential of industries to select projects. They conduct survey of the existing traditional and new industries and raw materials and human resources. They make market forecasts of various products. They prepare techno-economic feasibility reports for identified products. Based on these surveys and reports they offer technical advice to entrepreneurs so that they select the projects that are suitable to them.

Registration under SSI: They register the SSI, which selects the projects provisionally initially, and thereafter permanent registration is also made. Registration enables SSI units to get assistance from financial institutions.

Recommending the loan: DICs recommend the application form of SSI units for the purchase of land and buildings to various financing institutions functioning at state and center levels.

Guiding in selection of Machinery and Equipment: DIC guide the entrepreneurs in selecting suitable machinery, equipment, material etc. It issues necessary certificate for importing and exporting machinery etc. The DIC indicates the locations where from machinery and equipments can be acquired and also arrange for supply of machinery on hire purchase basis.

Help in getting clearance from various departments: DICs help entrepreneurs to get clearance from various departments such as electricity department, pollution control board.



Sanctioning of interest-free sales tax loans: DICs sanction for the interest free sales tax loan up to the 8% of its total fixed assets, which is to be obtained from SIDCO.

Make arrangements for loans: DICs makes the necessary arrangement with lead Banks and other financial Institutions in order to provide financial assistance to the entrepreneurs. They also appraise the application and monitor the flow of industrial credit in the district.

Assisting for availing subsidy: DICs assist SSI units to get subsidies under different programmes of various institutions. They sponsor applications for subsidy under IRDP at 33% of capital cost of the project but subject to a maximum of Rs. 3,000 per unit.

Providing Training: DICs also conduct training courses for the entrepreneurs of small and tiny units. They act as an intermediary between the entrepreneurs and the small industries service institutes in order to introduce new and improved product lines and quality developed by the latter to the former. They also assist institutions which give training to rural small entrepreneurs.

Giving self-employment to unemployed youths: DICs give opportunity to unemployed educated youths between the age of 18 years and 25 years from the year 1993 to become self employed. Here the priority is given to those who are technocrats or who have passed S.S.L.C. Women are also given preference.

Providing Marketing Assistance: DICs assist entrepreneurs for marketing their goods. DICs conduct market surveys and market development programmes. They also organise marketing outlets, contact with Government procurement agencies and make the entrepreneurs well informed of the market intelligence. They also assess the possibilities for exporting their goods.

Assists in procuring raw materials: DICs obtain the details regarding the materials required by various units and arrange for purchased of the same in bulk. Thereby they enable the small units to get their raw materials at reasonable prices.

Giving Special attention to Khadi and village industries: DICs give special attention to the development of Khadi and village industries and other cottage



industries. They also keep close contact with the state khadi board and organise training programmes for rural artisans.

Besides, they provide sheds also to SSI units set up in rural areas. They prepare action plan for the implement of DRDA, IRD and TRYSEM schemes.

Give a brief account of ICICI and its role in capital market. / Discuss the functions of industrial credit and investment corporation of India.

The creation of Industrial credit and Investment Corporation of India is another milestone in the growth of the Indian Capital Market. It was incorporated in the year 1955, as a company registered under the Companies Act. It was sponsored by a mission from the world bank for the purpose of developing small and medium industries in the private sector.

To encourage industrial development in the private sector, a considerable provision of underwriting facility was considered necessary to accelerate the phase of the industrialisation to fill these gaps, the ICICI was established.

Objectives of the ICICI: The major objective of the ICICI was to meet the needs of the industry for permanent and long-term funds in the private sector. In general, the major objectives of the corporation are:

To assist in the creation, expansion and modernisation of industrial enterprises in the private sector.

To encourage and promote the participation of private capital, both internal and external, in such enterprises.

To encourage and promote private ownership of industrial investment and expansion of markets.

To provide equipment finance.

To provide finance for rehabilitation of industrial units.

Functions of the ICICI: The corporation performs the following functions:

Providing finance in the form of long-term or medium term loans or equity participation.

Sponsoring and underwriting new issues of shares and other securities.



Guaranteeing loans from other private investment sources.

Making funds available for reinvestment by revolving investment as rapidly as possible.

Providing project advisory services i.e., offering advice – (1) to private sector companies in the pre-investment stages on government policies and procedures, feasibility studies and joint venture search, and (2) to central and state governments on specific policy related issues.

Role of the ICICI: The corporation started a Merchant Banking Division in 1973 for advising its clients on a selective basis, on raising finances in suitable forms and on restructuring of finances in the existing companies. It also advises clients on amalgamation proposals. Assistance is provided in preparing proposals for submission to financial institutions and banks for negotiations with them for loans, underwriting etc. This division acts as Managers to the issue of capital. Assistance is also provided for completion of formalities connected the public issue and legal formalities for raising loans. Since its inception, this division has assisted 117 companies in raising a total amount of Rs. 742 crores.

In 1982, the ICICI gave a new dimension to its merchant banking division by offering to provide counselling for industrial investment, in India to non-resident Indians and persons of Indian origin living abroad. This is likely to prove not only the least expensive route for technological upgradation but also a source of foreign currency funds by way of risk capital.

It has set up ICICI Brokerage services limited in March 1995. It is a 100% subsidiary of I-SEC. It commenced its securities brokerage activities in 1996. It is registered with the National Stock Exchange of India Limited and the Mumbai stock exchange.

ICICI set up ICICI credit corporation in 1997, which later renamed as ICICI personal Financial Services Limited in 1999. It is offering a comprehensive range of goods and services to retail customers.

ICICI established ICICI bank for performing commercial banking functions in 1994. The bank offers a wide variety of domestic and international banking services. The internet banking service has been offered for the first time in India by the ICICI Bank.



UNIT-3

PROJECT MANAGEMENT

TWO MARK QUESTIONS:-

What do you mean by project? / Give the meaning of project.

A project may be defined as “A complex, non-routine, one-time effort limited by time, budget, resources and performance significations designed to meet customer needs.” Its major goal is to fulfil customers needs.

What do you mean by project identification?

Project identification is concerned with the 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.

Project identification is selection of a project after a careful scanning of the environment of investment opportunity and its likely return.

Project identification cannot be complete without identifying the characteristic of a project. Every project has 3 dimensions inputs, outputs and social costs and benefits.

What is project appraisal? / State the aspects of project appraisal.

Project appraisal 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. Financial institutions appraise projects before lending finance to them so as to assess their credit worthiness. It aims at determining the viability of a project.

What is meant by project report?

Project report is a written document that summarise 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 organised, launched, and managed.

To quote Mary Coulter, “the process of business planning involves deciding where one wants to go, how to get there, and what to do to reduce any uncertainties.”

Explain the term market survey. / What are the purpose of market survey.

A market survey is a tool used to gather information about existing or potential customers in a certain market or population. Researches select a sample of customers from the population. The information from the survey is then used to assess attitudes and beliefs, and in turn predict market behaviour, such as buying intentions.

State the meaning of feasibility study. / Explain the term feasibility report.

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 all the important business plan.

What is business opportunity?

Opportunities are ideas, they may be referred to as something that exists on paper. Opportunities that turned by individuals into profitable and functioning business are referred to as realised opportunities.

Business ideas and business opportunities very often are used interchangeably. Opportunity is considered as a visible business idea, which the entrepreneur selects from several ideas suited to his own capabilities and subsequently he takes it up as a good investment proposition.

What are the sources of business ideas? / Point out the sources of ideas for new project.

The various sources of idea are:

Personal interest or hobbies.



Work experience

Products and services currently available

Discussion with people

Success of friends and relatives

Experience of existing entrepreneurs

Short supply / excess demand for certain goods

Advertisements

Exhibitions and trade fairs

Research institutions

Creative thinking

Recycling of waste materials

Improving existing products.

FIVE MARK QUESTIONS:-

What do you mean by Feasibility Report? Explain its contents.

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 contribute 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 Government 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 analyses the public policy with respect to the industry, along with capital investment, nature of production, type of technology and the form of organisation of the industry.



Selection of Project – An over view: 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.

Project analysis: Project analysis means identification of problem and selects the problem suitable for the situation. It involves examining the problem and find out the other analysis like finance, marketing, etc. A detailed statement regarding the resources required for consumption and production and various cost of operation should also be given.

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 competitors prices and the price trends for the past years.

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.

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.

What are the components of project report? / State the contents of a good project report.

Following are the various points covered in the project report.

Description of the enterprise.

Product characteristics namely use, spectifications, standards and quality and the production process.

Market position and trends i.e., production and anticipated demand, expert prospects and trends.



Description of the machinery and equipment requirements.

Available alternative technologies.

Quality and quantity of the required factors of production.

Names and addresses of suppliers.

Prices of factors / inputs.

Requirement of fuel and other utilities.

Labour requirements.

Cost of production including fixed and variable cost.

Sales revenue to be generated from units produced.

Means of raising funds.

Profitability analysis.

Cash flow.

Break even analysis.

Implementation schedule.

What are the various methods of generating ideas?

According to Mary Coulter, there are four different approaches to generate ideas. They are:

Environmental Scanning: One technique that entrepreneurs can use to generate ideas is environmental scanning, which means the screening of large amounts of information to detect emerging trends. Some important ideas that stimulate the own idea creation by scanning the world around are listed down below.

Read the local and other major metropolitan newspapers.

Read business publications.



Read popular consumer and news magazines.

Review the fiction and nonfiction best-seller lists.

Review government and consumer publications.

Subscribe to relevant trade publications.

Pay attention to commercials.

Watch and review top prime-time television shows.

Browse through the magazine section of a bookstore.

Walk through a local shopping mall to see what's there, and so forth.

By scanning the environment, one should try to get as much information as possible.

Creativity and creative problem solving: Creativity is the ability to combine ideas in a unique way or to make unusual associations between ideas. Traditional logical thinking is like parallel railroad tracks going on forever, but never crossing, whereas creative thinking means linking new concepts in unusual ways. It means cross thinking by seeing new angles connections and approaches. The whole art of creativity and creative problem solving are a structured technique for generating ideas.

Brainstorming: One of the most familiar and widely used approaches to generate ideas is brainstorming. Brainstorming is an idea-generating process for developing creative solutions that encourages as many alternatives as possible while withholding criticism. Brainstorming is a relatively simple technique. It is done with a group of people i.e. with friend and colleagues. In a brainstorming session, a group of people get together in a room, in a relaxed environment, where everyone would be free to stretch their minds and think beyond the ordinary. The purpose of brainstorming is to be an idea-generating process that opens up as many alternatives as possible as other people's remarks act to stimulate others in a sort of chain reaction of ideas.

Focus Groups: The final structured approach to generate ideas is the use of focus groups. These focus groups provide information as to proposed products or



services in a structural setting. In a typical focus group, a moderator focuses the group discussion on whatever issues are being examined. The group might look at a proposed product and answer specific questions asked by the moderator.

TEN MARK QUESTIONS:-

Explain the various factors to be considered when selecting a project.

Project selection is concerned with the 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. According to Peter F. Drucker, opportunities are of three kinds: Additive, complementary and break-through. Additive opportunities are those opportunities which enable the decision-maker to better utilise the existing resources without in any way involving a change in the character of business.

Complementary opportunity involves introduction of new ideas and as such do lead certain amount of change in the existing structure.

Break-through opportunities, on the other hand, involve fundamental changes in both the structure and character of business.

Project identification cannot be complete without identifying the characteristics of a project. Each project has three basic dimensions-inputs, outputs and social costs and benefits. In addition to this, every project has an internal and external impact on the society.

Internal Factors:- Internal factors arise on account of the limitations of the management system which will eventually be responsible for the implementation of a project. In India, the internal constraints for the entrepreneurs while venturing the projects comprise inputs resources and outputs. These are narrated below:

Entrepreneurs, while implementing the projects, rely more on outside consultants for preparation of feasibility reports in the formulation of their projects, the limitation on the part of entrepreneurs to provide inbuilt project services in the form of preparing feasibility report is an important internal factor in the early implementation of the project.



For early implementation of projects within the budgeted cost and time schedule, and the entrepreneurs cannot develop independent project management systems, organisation structure, network analysis and other elements. In such a situation, the entrepreneurs inherent constraints are developing well equipped project management strategies and tools while implementing them.

Project goals objectives lay down the main purpose for which an organisation exists. Practically, project management team is not much involved with the determination of project objectives. Certainly, this will be another internal constraint for the project team to achieve the unrealistic objective which is decided by the top management personnel of the business.

External factors: The external factors are also another important factor for the entrepreneurs who venture into project implementation. The important external factors are the project environments comprising things, people and situations outside a project and also the size, nature, location and extent of the project constitute the environment of the project. The other tangible environment factors are namely, social taboos, Government policies and the state of capital tangible market. These are described as under.

The external environment factors like nature, size, location and the extent of project are the important limiting factors for the entrepreneurs when the project does not conform to the socio-economic objectives of the country.

Government policies and regulations are another major hardship for the entrepreneurs while implementing the projects. They are mainly in the form of delay in giving approval to the entrepreneurs in the matter of industrial licensing, foreign collaboration approval, CCI clearance, environmental clearance, foreign exchange permit, capital goods approved and import goods clearance.

Financial institutions and banks are the important external financial sources for the entrepreneurs while financing their project. The financial institutions and commercial banks cumbersome procedures and documentation system are important external factors for the entrepreneurs which causes delay in financing the projects.



State the elements of project formation. / Explain in detail the sequential stages of project formulation.

‘Formation of a project Report’ divides the process of project development into eight distinct and sequential stages. These stages are:

General Information:

Biodata of promoter i.e., name, address, qualification, experience and other capabilities of the entrepreneur / entrepreneurs.

Industry profile i.e., the industry to which the project belongs, past performance, present status, its problem etc.

Constitution and Organisation covering organisational structure and constitution i.e., registration etc.

Product Details – Product – utility, range, design and relative advantages.

Project Description: Covering details like the site i.e., location of enterprise, physical infrasture i.e., availability of raw material, skilled labour, power, fuel, water, pollution control, communication network, transport facilities, production process, machinery equipment, capacity of the plant, selected technology, research and development etc.

Market Potential: Covering details like demand and supply position, expected price marketing strategy, after sale service, transportation etc.

Capital Costs and Sources of Finance: Estimate containing various components of capital like land and building, plant and machinery installations cost, preliminary expenses, margin for making capital etc. The various sources of finance should be stated mentioning clearly owner’s contribution and funds raised from financial institutions.

Assessment of Working Capital: The requirement for working, capital and its sources of supply, length of working capital cycle should be estimated and mentioned.

Other-Financial Aspects: For judging profitability of the project a projected Profit and Loss Account indicating sales revenue, cost of production, allied cost and profit should be prepared.



Economic and Social Valuables: Various socio economic benefits expected from the project should be included in the project report. Various benefits can be, employment generations, import substitutions, exports, local resource utilisation, development of area etc. Arrangement made for treating the effluents and emissions should be stated in the project.

Project Implementation: The time table for implementation of the project should be stated and project delay resulting in cost overrun should be avoided. Delay in the project can affect financial availability of the project. It is in the interest of the entrepreneur to check out an implementation schedule and ensure timely completion of all activities involved in the setting up of an enterprise.

Explain the general format of the feasibility report.

General format on scope of feasibility Report:

Introduction

Summary and Recommendations

Product

Capacity

Chemistry of the product

Specifications

Properties

Applications and Uses.

Market potential

Existing installed Capacity and actual production for the last five years.

New capacities under consideration / implementation

Demand pattern with specific reference to requirements in various regions based on desk research and field survey.

Process and know-how



Description of different processes available.

Selection of the process for the project and the reason for the same. Selection of suitable know-how for the said project based on technical and economic evaluation from available data.

Prospective collaborator and terms of collaborations.

Plant and Machinery

List of imported / indigenous machinery

Broad specifications of the machinery

List of manufactures of machinery

Critical items of the machinery.

Location

Actual site selection survey.

Availability of raw material, electricity, water and other infrastructural facilities.

Plot plan and building

Overall plot plan along with building plan.

Raw materials

Raw material requirements and their specifications.

Utilities:

Requirements of power, water and others including fuel, steam, inert gas, etc., and their specifications.

Effluents

Nature and type of effluent / specifications and quality of effluent

Effect of effluent if discharged as such

Effluent treatment suggested.



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Personal requirement: Manpower requirement (top, middle and bottom level)

Organizational Structure.

Capital Cost

Project cost-giving break up details (based on budgetary estimates)

Working capital

Margin money for working capital in the project cost.



UNIT-4

ENTREPRENEURIAL DEVELOPMENT PROGRAMMES

TWO MARK QUESTIONS:-

Give the meaning of Entrepreneurial development programmes.

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.

State the important objectives of entrepreneurship development programme.

The important objectives of entrepreneurial development programme are:

To identify and train potential entrepreneurs.

To develop necessary knowledge and skills amongst the participants.

To impart basic managerial understanding.

To provide post training assistance.

Name the agencies involved in EDP. / Name any two Entrepreneurial development institutions.

There are various agencies and institutions engaged in entrepreneurial development activity, they are:

National Institute for Entrepreneurship and small business Development [NIESBUD]

Entrepreneurship Development Institute of India [EDII]

Technical Consultancy Organisation [TCO]

Indian Investment Centre [IIC] etc.

State the phases of EDP.



An EDP possesses the following three phases:

Pre-training phase

Training phase

Post-training phase i.e. follow up phase.

What is the need for entrepreneurial growth?

Entrepreneurial growth is essential for the following:

Economic development of the country

Provides employment opportunities

Improves the standard of living of the people.

State any two benefits of Industries situated in Back ward areas.

Small entrepreneurs should be encouraged to set up in rural areas or backward areas. Income tax and other levies, such as excise duty, sales tax, corporate tax, customs duty, can be exempted. In return for tax holiday and de-regulation are the two benefits of industries situated in rural areas or backward areas.

What are the roles of EDP?

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

Stimulatory role.

Supportive role.

Sustaining role.

Socio-economic role.

What do you mean by tax-holiday?

Definition of 'Tax Holiday' A government incentive program that offers a tax reduction or elimination to business. Tax holidays are often used to reduce



sales taxes by local governments, but they are also commonly used by governments in developing countries to help stimulate foreign investment.

FIVE MARK QUESTIONS:-

State the objectives of Entrepreneurial development programme. / Explain the objectives of Entrepreneurial development programme.

An entrepreneur is a pivot around which the entire Industry rotates. He is the one who is going to perceive, initiate, organise and manage an enterprise. He is to bear all the risks and uncertainties associated with the setting up, running and the ultimate outcome of the enterprise. Success in any venture depends upon foresight, knowledge, optimism, hard work, persistence and efficient management. Entrepreneurial development has gained great deal of importance in all the developing and developed economics of the world.

The important objectives of EDP can be stated as follows:-

Developing and strengthening entrepreneurial quality in them.

Analysing environmental set up as to small business and industry.

Selecting project.

Formulating the project.

Understanding the process and procedure of setting up small enterprise.

Knowing the sources of assistance available for setting up a enterprise.

Acquiring the necessary managerial skills for managing an enterprise.

Knowing the pros and cons of being an entrepreneur.

Acquainting the required entrepreneurial discipline.

Identifying and training potential entrepreneurs.

Providing post-training assistance.

Accelerating industrial development.

Solving unemployment problem.



Give an account of the Entrepreneurial development agencies in the promotion of Entrepreneurship.

National Institute for Entrepreneurship and Small Business Development (NIESBUD)

NIESBUD was established in 1983 by the Ministry of Industry, Government of India. Its main functions and objectives are:

To serve as an apex national level resource institute to accelerate the process of entrepreneurship development.

To help and facilitate various agencies in carrying out training and other entrepreneurship development activities.

To provide vital information support to trainers, promoters and entrepreneurs.

To evolve effective training strategies.

To identify, train and assist potential entrepreneurs for setting up ventures.

This institute acts as a nodal agency. It organises about 29 national and 6 international training programmes every year.

Entrepreneurship Development Institutes of India (EDII)

It was established in 1983 by financial institutions. It conducts research, training and institution-building activities for encouraging the participations of backward regions.

The main objectives of EDII are:

To increase the supply of trained entrepreneurs through training.

To generate opportunities for self-employment.

To improve managerial capabilities of small-scale industries.

To promote small enterprises at rural level.

To contribute to the dispersal of business ownership.

Some other organizations providing EDPs are:



Small Industries Development Organisation (SIDO)

Indian Investment Centre (IIC)

National Institute for Small Industry Extension and Training (NISIET),
Hyderabad

Small Industry Development Bank of India (SIDBI)

State the objectives and the steps involved in EDPs.

The major objectives of the Entrepreneurship Development Programmes (EDPs) are to:

Develop and strengthen the entrepreneurial quality, i.e., motivation or need for achievement.

Analyse environmental set up relating to small industry and small business.

Select the product.

Formulate proposal for the product.

Understand the process and procedure involved in setting up a small enterprise.

Know the sources of help and support available for starting a small scale industry.

Acquire the necessary managerial skills required to run a small-scale industry.

Know the pros and cons in becoming an entrepreneur.

Appreciate the needed entrepreneurial discipline.

Besides, some of the other important objectives of the EDPs are to.

Let the entrepreneur himself / herself set or reset objectives for his / her enterprise and strive for their realization.

Prepare him / her to accept the uncertainty in running a business.

Enable him / her to take decisions.



Enable to communicate clearly and effectively.

Develop a broad vision about the business.

Make him subscribe to the industrial democracy.

Develop passion for integrity and honesty.

Make him learn compliance with law.

There are three different phases of EDP like:

Pre-training phase

Training phase

Follow-up phase

Pre-training phase:

Pre-training phase consists of all activities and preparation to launch training programme. Pre-training phase of EDP consists of the following activities.

Selection of entrepreneurs for the training programme.

Arrangements of infrastructure are for the programme like selection of place of training.

Deciding guest faculty for the programme from education industry and banks.

Taking necessary steps for inauguration of programme.

Formation of selection committee to select trainees from the programme.

Making provision with regard to publicity and campaigning for the programme.

Training phase:

The primary objective of training programme is to develop motivation and skill or competency amongst the potential entrepreneurs. Care should be taken to impart both theoretical and practical knowledge to various trainees. The training phase of EDP will be so designed that it will answer the following questions:



Whether the attitude of the entrepreneur has been turned towards the proposed project or no.

Whether the trainee has been motivated to accept entrepreneurship as a carrier.

How the trainee has behaves like an entrepreneur.

Whether the trainee has sufficient knowledge on resources and technology or not.

What kind of entrepreneurial traits he lacks and what steps should be taken to set it.

Follow-up phase:

Follow up phase of EDP has been termed as post-training phase. The ultimate objective is to develop competent entrepreneurs, so that they can start their project.

Post-training phase is a review phase of training programme. It consists of reviewing of work in the following manner:

Review of pre-training work

Review of actual training programme

Review of post training programme so that cost effectiveness of the present programme can be evaluated.

Ten mark questions:-

Discuss the achievements of Entrepreneurial Development Programmes.

Entrepreneurship plays a very important role in the economic development. Entrepreneurs act as catalytic agents in the process of industrialisation and economic growth. Technological progress alone cannot lead to economic development unless technological breakthrough is put to economic use by entrepreneurs. EDP enables entrepreneurs in initiating and substaining the process of economic development in the following ways:



Creation of Employment Opportunities: Unemployment is one of the most important problems confronting developing and underdevelopment countries, EDPs enable prospective entrepreneurs in the selling up of their own units, thus enabling them to get self employment with the setting up or more and more units by entrepreneurs both on small and large. Numerous job opportunities are created for the others. Entrepreneur in this way get an opportunity to lead an independent and honourable life and at the same time they enable others in getting gainful employment.

Capital Information: It is not possible to set up an enterprise without adequate funds. Entrepreneur as an organiser of factors of production employs his own as well as borrowed resources for the setting up of his enterprise. Entrepreneur mobilises idea savings of the public and put them to productive use. In this way he helps in capital information which is so essential for the industrial and economic development of a country.

Balanced Regional Development: Small scale units can be set up in industrially backward and remote areas with limited financial resources. Successful EDP's assist in celebrating the place of industrialisation in the backward areas and reduce the concentration of economic power in the hands of a few. Entrepreneurs feel like taking advantage of the various concessions and subsidies offered by the state and central Government.

Use of Local Resources: In the absence of any initiative local resources are likely to remain unutilised. Proper use of these resources can result in the progress or development of the area and that too at lower cost. Alert entrepreneurs seize the opportunity and exploit it in the best interest of the area and industry. Effective EDPs can help in the proper use of local resources by providing guidance, assistance, education and training to the prospective entrepreneurs.

Improvement in per Capita Income: Entrepreneurs are always on the lookout for opportunities. They explore and exploit the opportunities. Entrepreneurs take lead in organising various factors of production by putting them into productive use through the setting up of enterprise. More enterprises will lead to more production, employment and generation of wealth in the form of goods and services.



Improvement in the standard of living: Entrepreneurs by adopting latest innovations help in the production of wide variety of goods and services. By making efficient use of the resources, they start producing more or better quality and that too at lower costs. This enables them to ensure easy availability of better quality products at lower prices to the consumers which result in the improvement in the standard of living of the people.

Economic Independence: Entrepreneurs enable a country to produce wide variety of better quality goods and services and that too at competitive prices. They develop substitute of the goods being imported and thus prevent over-dependence on foreign countries and at the same time help in the savings of precious foreign exchange. Export promotion and import substitution thus help in promoting economic independence of the economy.

Preventing Industrial Slums: Industrially developed areas are faced with problem of industrial slums, which result in over burdening of civic amenities and adverse impact on the health of people. Dispersal of industries can help in the overcoming of this grave problem. EDPs can help in preventing spread of industrial slums by providing various incentives, subsidies and infrastructural support to entrepreneurs for setting up their enterprises in industrially backward areas. This will help in reducing pollution and overtaking of civic amenities.

Reducing Social Tension: Unemployment amongst the young and educated people is emerging as the major cause of socio unrest. People are bound to feel frustrated if they fail to get gainful employment after completion of their education. EDPs can help in channelizing the talent of this section of society in the right direction by providing proper guidance, training and assistance for setting up their enterprises. This results in generation of self employment and prevention of social tension, unrest, etc.

Facilitating overall development: An entrepreneur acts as a catalytic agent for change which results in chain reaction. With the setting up of an enterprise the process of industrialisation is set in motion. This unit will generate demand for various types of inputs required by it and there will be so many other units which will require the output of this unit. This leads to overall development of an area due to increase in demand and setting up more and more units there.



Discuss the problems faced by entrepreneurial development programmes.

Organising and conducting EDPs is not an easy task. It involves many problems, which lead to low level of performance. Some of such problems are explained below.

Lack of specialised organisations: Lack of adequate number of specialised organisations is first and foremost problem of EDPs. Even the organisations, which are functioning in the field, are lack in commitment and sincerity. In most of the cases, EDPs are used as a means for generating funds for these organisations. Hence, there is lack of motivation among the organisations to create interest among participants to become entrepreneurs.

Lack of Trainers: Trainers are not found in adequate number. Even those who are available are not dedicated to their job. They are not found up to the level to motivate the participants to start their ventures.

Lack of conducive environment: Lack of conducive environment is another problem of EDPs. It makes the trainer's role ineffective.

Selection of wrong trainees: Trainees selected for attending EDPs should have interest in the field of entrepreneurship. Otherwise, it will be a mere waste. EDPs are conducted to motivate the trainees to start their own ventures. If it does not result in creating interest in starting a venture, it will result in utter failure of the EDP.

Selection of wrong projects: Projects selected should be of potential ones so that entrepreneurs can succeed in their ventures. But most of the time, the projects selected are unsuitable to the situation and trends prevalent in the business environment. The main reason for that is lack of knowledge on the part of trainees as well as trainers.

Apathetic Attitude of the support agencies: Apathetic attitude of the support agencies such as banks, financial institutions etc., to support entrepreneurs stands as another hurdle in the success of EDPs.

Lack of entrepreneurial environment and culture: In our country, there is lack of entrepreneurial environment and culture, which is a must for the healthy



development of entrepreneurship in the country. If the environment is not conducive, entrepreneurs may find it difficult to start their venture.

Lack of Support: After training, entrepreneurs need adequate counselling, support services etc., for grounding their projects. In our country, follow-up action is not adequate which creates lot of troubles to entrepreneurs.

Discuss briefly the 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. For organising EDPs on a sustained manner, the Union and State governments have undertaken the following activities.

Establishment of specialised Institutions at 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, mature 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 programme directed towards this goal were conceptualised.

The following specialised EDP organisation have been set up by the government of India to promote entrepreneurship in the country.

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).

Small industries Service Institute (SISIs): It is set up by government of India. It is having its network of branches in many states in India.



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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 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.

Entrepreneurship Development Institute of India (EDI): The EDI, an autonomous body and not for-profit institution, setup 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).

National Science 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.

IEDs and CEDs in different states of India: Various of 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 in order to enable him to be an effective entrepreneur.

The Indian Institute of Entrepreneurship (IIE): The IIE was established in 1993 by the Ministry of Industry, Government of India with its Headquarter at Guwahathi to undertake training, research and consultancy activities in the field of small industry and entrepreneurship. The Institute was registered under the societies Registration 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.

Establishment of District Industries Centres (DIC): DIC have been established in every district of almost all the states of India. It focuses primarily on entrepreneurship awareness programmes and tiny and small scale sector projects.



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Introduction to Entrepreneurship Courses: Several Universities, IITs management institutes etc., have introduced the course of entrepreneurship in their curriculum to motivate the students to choose entrepreneurial carrier instead of job employment.

Financial support by the Government / Development bankers for conducting Seminars / Workshops and Industrial Potential survey: For creating awareness among the entrepreneurs about the various incentives and benefits envisaged by the government, funding support has been provided by the government for organising seminars and workshops. Besides, financial assistance is also provided to the organisations conducting industrial potential survey of different areas to identify the projects to be taken by the entrepreneurs as per resource availability in the respective areas.

Financial support by the Government, Development Banks and Nationalised Public Sector Banks: In order to organise EDPs in the sustainable basis, financial support is being provided by union and state governments, financial institutions like IDBI, IFCI, ICICI, SIDBI and public sector commercial banks. Under EDPs groups like unemployed youths, science and technology graduates, women target group, scheduled caste and scheduled tribe candidates, etc., are covered.

Institutional support system for entrepreneurial development: Small scale enterprise are important for generation of employment, utilisation of available resources, and creation of infrastructure facilities and acceleration of economic development. Need for support service organisation in our country is of much significance.



UNIT-5

ECONOMIC DEVELOPMENT AND ENTREPRENEURIAL GROWTH

TWO MARK QUESTIONS:-

What is network? / Define the term networking.

Definition: Developing and using contacts made in business for purpose beyond the reason for the initial contact.

In business, entrepreneurial networks are social organizations offering different types of resources to start or improve entrepreneurial projects. Having adequate human resources is a key factor for entrepreneurial achievements.

Define women entrepreneurs.

Women entrepreneurs may be defined as the woman or group of women who take initiative to set up a business enterprise and to run it smoothly.

According to Schumpeler's concept, "Women who innovate, imitate or adopt a business activity are known as women entrepreneurs."

Define franchising.

The term franchising is defined as "A form of business ownership created by contract whereby a company grants a buyer the rights to engage in selling and distributing its products or services under a prescribed business format in exchange for royalties or share of profits."

Write short notes on development of women entrepreneurship. / Give the meaning of women entrepreneurship.

Women entrepreneurs may be defined as the woman or group of women who takes initiating to set up a business enterprise and to run it smoothly. According to the data compiled by the small administration office of women's business ownership there are about 9.1 million women owned business employed 27.5 million people and contribute \$3.6 trillion to the economy.



Define a small scale industry.

As per the definition given by the small scale industries board in January 1955, a small scale industrial unit is, “A unit employing less than 50 persons, if using power and less than 100 persons without the use of power and with capital asset not exceeding Rs.5 lakhs.”

Discuss about Network Marketing.

Network market also known as direct selling or multilevel selling, is well-known as one-to-one selling, it is a form of franchising based on the concept of word-of-mouth advertising. Network marketing is one of the non stores retailing which is multibillion dollar industry although it is still catching up in India. It has become much easier to adopt the strategy through the use of internet. One can communicate through internet and develop global network marketing business.

What is marketing mix?

The marketing mix is a business tool used in marketing and by marketers. The marketing mix is often crucial when determining a product of brand's offer, and is often associated with the four Ps: price, product, promotion and place.

Give the meaning of Entrepreneurial growth.

A firm's growth strategy refers to the means by which the organization plans to achieve its objective to grow in volume and turnover. Growth may be assessed in the context of employees, customers, revenue, liquidity, profit, geographic locations and a variety of other dimensions. Regardless of the growth type, hurdles always exist. An entrepreneur who understands the risks, and knowingly takes them, will have a chance to grow; whereas one who is not willing to take risks will not.

FIVE MARK QUESTIONS:-

Discuss the role of Entrepreneur in generating employment opportunities.

Entrepreneur plays a significant role in generation of employment opportunities. As we all know, entrepreneurship is a purposeful activity indulged in initiating, promoting and maintaining economic activities for



production and distribution of goods and commodities, the person behind these economic activities is, therefore, a critical factor as well as an integral component of socio-economic transformation. The development strategy of our country confronts two important problems-unemployment and poverty of the masses. These problems can be effectively minimized by activating the latent human potentials through entrepreneurship. This leads to the creation of self employment avenues for large number of people. For reduction of unemployment, entrepreneurship in small and tiny sector industries, both in manufacturing and service sectors, is imperatively needed. Thus, the role of entrepreneur and its significance in generation of employment opportunities can be depicted under the following heads. Establishing tiny, micro and small scale enterprises:

Role of entrepreneur in establishment the above types of enterprises are perceived as a powerful medium to address several socio-economic issues and the chief among them is generation of employment opportunities for millions. In a developing economy like India, where population pressure is quite high and job employment is limited, the role of entrepreneur is very much significant. Entrepreneurial development gives rises to economic independence through self-employment. Creation of tiny, micro and small enterprises by the entrepreneurs can lead to creation of both self-employment and wage-employment opportunities, thereby solving the problem of unemployment in the economy.

Giving emphasis upon village and cottage industries:

Upliftment of economically backward sections of the society can be possible if self-employment opportunities can be provided at the grass root level. To enable these people in backward regions of the state to set up village and cottage industries, government has implemented several antipoverty programmes like PMRY, TRYSEM, SGSY, REGP etc, and the importance of entrepreneurs in cottage and village industries sector has been clearly acknowledged by Mahatma Gandhi by his policy priorities in village upliftment including khadi and village industries in his famous constructive programme in 1922.

Utilising the surplus labour force in industrial activities:



India is primary producing country. This characteristics feature is further accentuated by seasonality feature of the agriculture. Therefore, for a large part of the year, people remain, more unemployed. Disguised unemployment is a chronic phenomenon in agriculture where in more people work in a field than actually required. So the surplus labour force is transferred and utilized by the entrepreneur in non-farm sector activities like small tiny, cottage and village industries which are labour intensive in nature.

What are the different between franchising and dealership?

Franchise

Generally speaking, a franchise is a complete business model that, either by blueprint or by a corporate official setting up the location, looks much like every other business in its chain. It is typically a “turkey” operation in which the franchisee is purchasing a complete store with some modification of his choice, depending on the franchise agreement.

Dealership

A dealership is typically an agreement to be able to sell a specific product or service. This agreement may or may not be exclusive based on territory. It may include the rights to be an authorised service center for the product, if applicable. While there are exceptions in which an entire business is the dealership, typically a dealer is more independent as to business design, products available and exclusivity. To apply for a dealership is typically either free or free with a required initial purchase and setup. Car dealerships are the classic examples of a dealership.

In simple words, a franchise is a very comprehensive, well designed, almost identical units of the same type in a well defined turn-key operation while a dealership is focused more on selling a particular product or service and may not have a very / services being sold under one roof.

Discuss the role of entrepreneur in economic growth as an innovator. /
Examine the role of Entrepreneur in the economic development of India.

Entrepreneurs play their role in different capacities such as innovators, generators of employment opportunities and developers of economy. Being



innovator, entrepreneur performs a variety of functions to provide for the acceleration of economic growth, which are as follows:

Introduces new combinations in the means of production: As an innovator, entrepreneur brings out new products, new techniques of production, opens up a new market, finds out new sources of raw-materials, a novel use for existing products, a new type of organisation etc. All these result in growth and development of a country's economy through increased supply of products, savings in production cost etc.

Enables progress in technology: Entrepreneurs make use of potential technical knowledge, which enables continuous technological progress. It removes diminishing returns because technological progress leads to innovation and consequently results in steady increase in total output and percapita output.

Aims at leadership: As Peter F. Drucker says, "a successful innovation aims at leadership", because leadership is a most logical attribute of entrepreneur to bring about economic development.

Implements Skills: Entrepreneur makes use of his conceptual skills to bring about improvement in the quality of the product. It is a continuous function of an entrepreneur. There is no end to it. In this world of competition, innovate entrepreneur alone can survive.

Ten mark questions:-

Developing the critical evaluation of EDP.

Developing entrepreneurship has become a movement in India in the recent years. EDPs have been considered as an effective instrument for developing entrepreneurship in the countryside. Hundred of EDPs are conducted by some 686 organisations to impart entrepreneurial training to participants in thousands.

The main objective of EDPs is to make the EDP trainee an enterprise creator. Hence, it seems necessary to see whether, the objectives of EDPs are fulfilled or not. In simple words, there is a need to have a retrospective look into how many participants have actually started their own enterprise after completing the training. This calls for the evaluation of EDPs.



Significant increase in the number persons trained for self-employment and wage-employment.

Visible improvement in employment scenario due to the EDI scheme.

Considerable improvement in the overall efficiency and effectiveness in the functioning of and services rendered by EDIs.

More than 70% of the EDIs said that the funds received provided the overall impetus to the modernization of infrastructure.

Have maintained satisfactory quality of service and training programs.

Have shown improvement in the geographical coverage for conducting the programs Majority of EDIs could cover more subjects. Improvement in the quality of training was observed in most EDIs.

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

Activity level of the respondents

New enterprise established

Total investments made

Investments in fixed assets made

Number of people employed

Number of jobs created

Increase in profit

Increase in sales

Quality of product / service improved

Quicker repayment of loans.

In other behavioural experiments, the impact of EDPs is measured with the help of indices relating to the entrepreneurial behaviour.

The entrepreneurial behaviour is measured on the following four dimensions:



Planning Orientations

Achievement Orientation

Expansion Orientation

Management Orientation.

Discuss the problems of women entrepreneurs.

Being a successful entrepreneurs is so difficult because it is not easy to reach, Man organise, launch, and manage an entrepreneurial venture successfully. Besides due to race / gender. Women entrepreneurs face all sorts of challenges. The problem faced by women entrepreneur are detailed below:

Problem of finance: The main challenge, which women entrepreneurs face, is getting the funding they need to start and grow their business. Access to capital is a serious issue of minority and women entrepreneurs. A study by the Federal Reserves System of Small business financing patterns found that minority, small-business owners have an extremely hard time in getting credit.

Studies have shown that they lower levels of available credit than do their male counterparts. So, the capital problem is definitely real and very serious. Access to capital to start and grow their entrepreneurial ventures is an extremely difficult barrier for women entrepreneurs.

Conflict between work and family: Another challenge that women entrepreneurs, particularly, face is the conflict between work and family. Although this issue can, and does, arise for male entrepreneurs also, it is especially acute for women because many child-rearing and family responsibilities fall on them. Being an entrepreneur can be a 24 x 7 (24 hours a day, 7 days a week) commitment. Running a successful business often means finding a healthy balance between work and family lives.

Shortage of Raw material: Security of raw materials is yet another challenge that women entrepreneurs face. They suffer from higher prices and lower discount rates.



Stiff competition: Women entrepreneurs face intense competition for their goods from organised sector and male entrepreneurs. This is because they do not have enough funds to spend on advertisement, canvassing and publicizing their products.

Limited Mobility: In our country, mobility of women is highly limited on account of various reasons. They cannot travel freely from one place to another for business reasons. In order to set up an organisation, an entrepreneur has to get sanctions at various levels from various government departments all of which require free mobility. This is not possible in India.

Low literacy rate among women: Rate of literacy among women is very low in India. Education is important for a person to be aware of latest technology, business trends. Market knowledge etc. This creates additional problem for women entrepreneurs in setting up and running business enterprises.

Male-dominated society: Male-domination is still the order of the day in our country. Equality between sexes is only on paper, speeches, constitution etc. In practice, still women are considered weak in all respects. Men in the society dominate the business world and men in the families do not permit female members to start their ventures. The reputation of the family, the sense of prestige etc., come to the forefront. Discipline and integrity are demanded from the women. Their legitimate freedom and right to self development and independent pursuit are denied. This acts as another barrier to women entrepreneurship.

Lack of motivation: Fear to failure is too much in women than men. This fear creates no motivation in them. Hence, lack of motivation among women entrepreneurs is considered as another barrier, which stands in the development of women entrepreneurs.

Low achievement need: Need for achievement is the most important, pre-requisite for success in entrepreneurship in India, urge to achieve is lacking. It acts as another barrier to succeed in their venture.

Low Risk-bearing capability: Generally, women in India are confined to the four walls of the house. They are less educated and thus, economically



backward. This reduce their risk-bearing capability while running the enterprise.

Discrimination in upbringing: Right from early childhood, girls are taught into be aggressive or independent. Initially they depend upon parents, later upon husbands, and in old age upon sons. They are discouraged to move out of the family and take up their business. Such type of Conservative attitude of the family members makes the women weak and passive in their approach. Normally others take decessions for them.

What are the strategies for developing women entrepreneur? / What are the promotional schemes available in India for the development of women entrepreneurship?

Government, banks and financial institutions have introduced different schemes for the development of women entrepreneurs in India. Of them important schemes are described below:

Development of women and children in Rural Areas (DWCRA)

Schemes of IDBI

Scheme of Karnataka SFC

Scheme of IFCI

Rajasthan Financial Corporations scheme

SBI's Stree Shakti Package

SIBI's assistance

BOI PriyadarshinYojana

Development of women and children in Rural areas(DWCRA): DWCRA is a scheme introduced by Government of India for the encouragement of women entrepreneurship. Generally a woman is unable to start a venture due to various reasons. The concept of teamwork has been introduced to make them courageous enough to start their own enterprises. This idea has been incorporated into a scheme and the government implemented the scheme known as "the development of women and children in Rural Areas".



Scheme of IDBI: Various schemes that are designed by the IDBI to assist women entrepreneurs are detailed below:

Interest subsidy scheme: Industrial development bank of India now formulated this scheme to encourage entrepreneurial development among women. IDBI provides training and post-training follow up expenditure up to Rs. 10,000. Successful trainees are eligible for interest subsidy up to Rs. 25,000 for one year if they start small scale unit. If the unit is medium scale, interest subsidy payable is Rs. 50,000.

Refinance Scheme: IDBI extends refinance facilities to banks and state financial corporations for their credit to women entrepreneurs. It is 100% in case of SFCs, and 75% in case of commercial banks.

MahilaUdyam Nidhi (MUN): The IDBI has set up a special fund called MUN with a corpus of Rs. 5 crores in order to provide seed capital assistance to women entrepreneurs who proposed to set up projects in SSI sectors. The scheme is implemented by SIDBI.

MahilaVikasBidhi(MVN): MVN extends assistance to the voluntary agencies that are engaged in extending to the entrepreneurs training in production methods, management and skill upgradation.

Indirect loans: IDBI has introduced another scheme under which it grants indirect loans. It is called indirect loans because loans are granted through state finance corporation and state industrial development corporation.

Scheme of Karnataka SFC: Karnataka Government provides 5% investment subsidy to the tiny and small scale units. Sales tax exemption is available for the women enterprises, upto 100% of the value of fixed assets for a period of seven years. In the allotment of scarce raw materials, government gives the women entrepreneurs priority. They enjoy priority in the allotment of lands and shed also.

Scheme of IFCI: Industrial Finance Corporation of India grants interest subsidy up to Rs. 20,000 to industrial units set up by women entrepreneurs.

Rajasthan Financial Corporation Scheme: In order to promote enterprise by women entrepreneurs, Rajasthan Financial Corporation grants loans upto Rs.



10 lakhs. Contribution towards share capital by the entrepreneurs is 10% of the project cost.

SBI stree Shakti package: The SBI introduced stree Shakti package in the year 1989 with a view to develop women entrepreneurs. Under this scheme, EDPs are exclusively designed for women entrepreneurs, and are conducted. They are organised with the help of SBI Staff training college and the local branches. The branch managers and the field officers of the banks would provide necessary support and assistance to women who want to set up enterprise.

SDBIs Assistance for Women Entrepreneurs: The small Industries Development Bank of India (SIDBI) has designed special schemes for providing financial assistance to women entrepreneur. These schemes aim at the following objectives:

Providing training and extension services according to their small socio-economic status.

Providing financial assistance at concessional terms to help them in setting up tiny and small units.

Bank of India PriyadarshiniYojana: The scheme aims at providing financial assistance to the women entrepreneur who come under the following categories:

Small business, e.g., beauty parlour, laundry, lending library, etc.

Retail traders e.g., fair price shops, general stores, etc.

Road transport operators e.g., auto rickshaws

Allied agricultural activities.