

UNIT I

Concept of Entrepreneurship:

Entrepreneurship refers to all those activities which are to be carried out by a person to establish and to run the business enterprises in accordance with the changing social, political and economic environments.

Entrepreneurship includes activities relating to the anticipation of the consumers likes and dislikes, feelings and behaviours, tastes and fashions and the introduction of business ventures to meet out all these expectations of the consumers.

Entrepreneurship is the ability of entrepreneurs to assess the risks and establish businesses which are risky but at the same time suits perfectly to the changing scenarios of the economy.

The two major factors determine the entrepreneurship developments are:

1. Risk taking ability of entrepreneurs and
2. Power of achievement of entrepreneurs

Definition:

“Entrepreneurship as the function of seeking investment and production opportunity, organising an enterprise to undertake a new production process, rising capital, hiring labour, arranging the supply of materials, finding site, introducing new techniques and commodities, discovering new sources of raw materials and selecting top managers of day to day operations of the enterprise”.

Nature and Characteristics of Entrepreneurship:

1. Innovation: The process of commercialising an invention is innovation. For example, steam as an alternative source of energy was invented as early as AD 100. Later, in 1712, when it was used to run engines then the process was called innovative. In simple words, in business activity, novelty may take any one or a combination of the following :

- a) New products;
- b) New methods of production;
- c) New markets;
- d) New sources of raw material; or
- e) New forms of organisation.

2. Motivation: Motivation comes from the word ‘motive’ (or goal). It means the urge in an individual to achieve a particular goal. In other words, it is the need to achieve that motivates a person. You may find many people with sufficient financial resources and family support who are interested in independent ventures. Yet, very few actually start their business. Why is it so? Because they are

comfortable in doing routine jobs and have no higher goals in life. They lack 'motivation'. Entrepreneurs generally are highly active.

3. Risk Taking: Risk-taking implies taking decisions under conditions where the reward on a certain action is known, but the occurrence of the event is uncertain. While doing so, an entrepreneur becomes responsible for the result of the decision. This responsibility however cannot be insured against failure.

4. Organisation Building: According to Harbison entrepreneurship implies the skill to build an organisation. Organisation building ability is the most critical skill required for industrial development. This skill means the ability to 'multiply oneself by effectively delegating responsibility to others.

5. Managerial-Skills and Leadership: According to Hoselitz, managerial skills and leadership are the most important facets of entrepreneurship. Financial skills are only of secondary importance. He maintains that a person who is to become an industrial entrepreneur must have more than he drive to earn profits and amass wealth. He must have the ability to lead and manage.

Importance of Entrepreneurship in Developing Country

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is one of the most important input in the economic development of a country. The key points under the role of Entrepreneurship importance in country development are listed below,

1. Employment Generation

Entrepreneurs not only give employment to the entrepreneur but also a source of direct and indirect employment for many people in a country. Unemployment is a chronic problem in most of the developing and underdeveloped countries. Entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation

2. Promotes Capital Formation

Entrepreneurs mobilize the idle funds which lead to capital formation. The funds which are used by entrepreneurs is a mix of their own and borrowed. This leads to creation of wealth which is very essential for development of an economy.

3. Small Business Plan Dynamism

Great dynamism is one of the qualities of the small and medium enterprises. This quality of dynamism originates in the inherent nature of the small business. The structure of small and medium enterprises is less complex than that of large enterprises and therefore facilitates quicker and smoother communication and decision-making. This allows for the greater flexibility and mobility of small business management

4. Balanced Economic Development

Small business promotion needs relatively low investment and therefore can be easily undertaken in rural and semi-urban areas. This in turn creates additional employment in these areas and prevents migration of people from rural to urban areas. Since majority of the people are living in the rural areas, therefore, more of our development efforts should be directed towards this sector. Small enterprises use local resources and are best suited to rural and underdeveloped sector

5. Innovations in Enterprises

Business enterprises need to be innovative for survival and better performance. It is believed that smaller firms have a relatively higher necessity and capability to innovate. The smaller firms do not face the constraints imposed by large investment in existing technology. Thus they are both free and compelled to innovate.

6. Better standards of living

Entrepreneurs play a vital role in achieving a higher rate of economic growth. Entrepreneurs are able to produce goods at lower cost and supply quality goods at lower price to the community according to their requirements. When the price of the commodities decreases the consumers get the power to buy more goods for their satisfaction. In this way they can increase the standard of living of the people.

7. Self-Reliance

Entrepreneurs are the corner stones of national self-reliance. They help to manufacture indigenous substitutes to imported products which reduce the dependence on foreign countries. There is also a possibility of exporting goods and services to earn foreign exchange for the country. Hence, the import substitution and export promotion ensure economic independence and the country becomes self-reliance.

8. Facilitates Overall Development:

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units.

Qualities of an Entrepreneur:

Successful businesspeople have many traits in common with one another. They are confident and optimistic. They are disciplined self starters. They are open to any new ideas which cross their path. Here are ten traits of the successful entrepreneur.

1. Disciplined

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2. Confidence

The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3. Open Minded

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

4. Self Starter

Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.

5. Competitive

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

6. Creativity

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

7. Determination

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavours succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.

8. Strong people skills

The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

9. Strong work ethic

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

10. Passion

Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

Types of Entrepreneurs

1. Innovating entrepreneurs: Innovative entrepreneurship is characterised by aggressive assemblage of information and the analysis of results derived from sound combination of factors. Persons of this type are generally aggressive in experimentation and cleverly put attractive possibilities into practice. An innovating entrepreneur sees the opportunity for introducing a new technique or a new product or a new market.

2. Adoptive or imitative entrepreneurs: This kind of entrepreneurs are characterised by readiness to adopt successful innovations created by innovative entrepreneurs. These type of entrepreneur are revolutionary entrepreneurs with the different that instead of innovating the changes themselves, they just imitate the technology and techniques innovated by others. These entrepreneurs are most suitable for developing countries because such countries prefer to imitate the technology, knowledge and skill already available in more advanced countries.

3. Fabian entrepreneurs: Entrepreneurs of this type are very cautious and sceptical while practicing any change. They have neither the will to introduce new changes nor the desire to adopt new methods innovated by the most enterprising entrepreneurs. Such entrepreneurs are shy and lazy. Their dealings are determined by custom, religion, tradition and past practices. They are not much interested in taking risk and they try to follow the footsteps of their predecessors.

4. Drone entrepreneurs: Drone entrepreneurship is characterised by a refusal to adopt and use opportunities to make changes in production methods. Such entrepreneurs may even suffer losses but they do not make changes in production methods.

RISKS INVOLVED WITH ENTREPRENEURSHIP

Entrepreneurship involves the following types of risks.

1) Financial Risk: The entrepreneurship has to invest money in the enterprise on the expectation of getting in return sufficient profits along with the investment. He may get attractive income or he may get only limited income. Sometimes he may incur losses.

2) Personal Risk: Starting a new venture uses much of the entrepreneur's energy and time. He or she has to sacrifice the pleasures attached to family and social life.

3) Carrier Risk: This risk may be caused by a number of reasons such as leaving a successful career to start a new business or the potential of failure causing damage to professional reputation.

4) Psychological Risk: Psychological risk is the mental agonies an entrepreneur bears while organizing and running a business venturesome entrepreneurs who have suffered financial catastrophes have been unable to bounce back.

Ethics and Social Responsibilities of Entrepreneurs

An entrepreneur is very much linked with society. Since any venture owes its existence to society, it has to function under the overall control and discipline of the society. Any business, which is injurious to any segment of the society, can neither be tolerated nor allowed to continue. Every enterprise is required to perform and satisfy certain obligations which it owes to the society and the performance of which is essential for its own survival and the well-being of the society. It is the obligation of an enterprise which it owes to the different segments of the society that determine its objectives. Besides earning profit, an entrepreneur has to satisfy the requirements of various other groups of people.

Obligations of the Entrepreneur to the Different Segments of the Society

Possible organizational stake holders are illustrated in figure A. Balancing the demands of these various stakeholders is, as you can well imagine, a difficult process because they often have a wide range of needs and conflicting expectations.

The various stakeholders are:

- 1. Employees:** Employees need security of job, higher wages, full employment, better conditions of work and opportunities for self-development and promotion. They also desire their work itself to be rewarding and to contribute something good to the society in general. Management, as a part of its social responsibilities, is expected to provide for their social security, welfare, grievances settlement machinery and sharing of excess profits.
- 2. Stockholders:** An entrepreneur must provide safe, fair adequate and stable long-run rate of return and steady capital appreciation to the shareholders for their investments. It must also provide regular, accurate and adequate information about the working of the company.
- 3. Suppliers:** Dealings with the suppliers should be based on integrity, impartiality and courtesy. Terms and conditions regarding delivery of goods and payment of prices must be reasonably fair. Producers may make available to the suppliers the benefits of their information and research so as to promote indigenous growth or for the improvement of the quality of their products.
- 4. Customers:** In the words of Henry Ford, an entrepreneur must provide, “those goods and services which the society needs at a price which the society can afford to pay.” Entrepreneurial ventures must meet the requirements of the customers of different classes, tastes and with different purchasing power at the right time, place, and price and in right quality. An entrepreneur should act as a friend and guide to the customer. He must try to protect consumers’ interest at all
- 5. Government:** Entrepreneurs must abide by the laws of the country in their true spirit. They must conduct their affairs as may cause the minimum possible social damage such as air or water pollution. They must help in the proper implementation of all social improvement policies adopted by the Government. They must pay taxes honestly and promptly.

6. Trade Associations and Competitors: An entrepreneur should develop healthy inter-business relationships with fellow-entrepreneurs. He must adopt fair trade practices regarding prices, quality, terms and conditions of sale and after-sales service. The policy of under-cutting or restricted trade practices should be avoided. An entrepreneur must patronise business associations to ensure development of healthy business practices.

7. Community: The entrepreneurs should manage their business with such competence and skill that it inspires confidence and pride in the mind of the people. They must encourage democratic institutions and assist national integration.

UNIT -2

Industrial development bank of India (IDBI)

IDBI is the apex institution in the field of industrial finance. It was established under the IDBI act 1964 as a wholly owned subsidiary of Reserve bank of India. It started its operations from 1st July 1964. It was de-associated from RBI under Public Financial Institution Laws (Amendment) Act 1976 and restructured as the principal financial institution of the country with the following objectives.

- Create a principal institution for long term finance
- Coordinate the institutions working in the field for planned development of Industrial sector
- Provide technical and administrative support to the industries and to conduct research and development activities for the benefit of industrial sector.
- IDBI provides long term finance to industrial sector. It is engaged in direct financing of the industrial activities as well as refinance and rediscounting of bills against finance made available by commercial banks under their various schemes for industrial development purposes.
- It raises funds through various approaches such as market borrowing, bonds and deposits, borrowing from Government and RBI, borrowing from abroad in foreign currency and lines of credit.
- IDBI is the tenth largest bank in the world in terms of development.
- Some of the institutions which have been built by IDBI are: The National Stock Exchange (NSE), National Securities Depository Services Ltd. Stock Holding Corporation of India Ltd.

Main functions of IDBI

IDBI coordinates the working of institutions engaged in encouraging, financing, promoting and developing industries. IDBI undertakes/ supports wide-ranging promotional activities including entrepreneurship development programmes for new entrepreneurs, provision of consultancy services for small and medium enterprises, up gradation of technology and programmes for economic upliftment of the under privileged.

Its functions include:

- ✓ Direct loans to industrial undertakings to finance their new projects.

- ✓ Soft loans for various purposes including modernization under equipment finance scheme.
- ✓ Underwriting and direct subscription to shares/ debentures of the industrial Companies.
- ✓ Sanction of foreign currency loans for import of equipment of capital goods
- ✓ Short term working capital loans to the corporate houses for meeting their Working capital requirements.
- ✓ Refinance to banks and other institutions against loans granted by them.

IDBI's role as a catalyst

IDBI's role as a catalyst to industrial development encompasses a wide spectrum of activities. IDBI can finance all types of industrial concerns covered under the Provisions of the IDBI act. IDBI has grown substantially in terms of size of Operations and portfolio over the period of more than three decades (Hattangadi, 2007).

Development activities of IDBI

Some of the developmental activities carried out by IDBI are as follows:

➤ **Promotional activities**

IDBI performs a wide variety of promotional activities for new entrepreneurs, Consultancy services for small and medium enterprises and programmes designed for accredited voluntary agencies for the economic upliftment of the needy. These include entrepreneurship development, self-employment and wage employment in the industrial sector for the weaker section of society through voluntary agencies, entrepreneurs' parks, energy conservation, and common quality testing centres for small industries.

➤ **Technical consultancy Organizations**

IDBI, in collaboration with other All- India Financial Institutions has set up a network of Technical Consultancy Organizations covering the entire country to provide consultancy and advisory services to entrepreneurs, particularly to new and small entrepreneurs at a cheaper cost. These technical consultancy organizations offer diversified services to small and medium enterprises in the selection, formulation, implementation and appraisal of projects.

➤ **Entrepreneurship Development Institute**

Since entrepreneurship development is the precondition to industrial development, IDBI played a major role in setting up of the Entrepreneurship Development Institute of India for promoting entrepreneurship in the country. IDBI also provides financial support to various organizations in conducting studies and surveys beneficial for industrial development.

NIESBUD

NIESBUD is an apex body under the **Ministry of Micro, Small & Medium Enterprises**, Government of India for coordinating and overseeing the activities of various institutions/agencies engaged in entrepreneurship development particularly in the area of small industry and small business. The

Institute which is registered as a Society under Societies Registration Act, 1860 (XXI of 1860), started functioning from 6th July, 1983.

The policy, direction and guidance to the Institute is provided by its Governing Council whose Chairman is the Minister of MSME .The Executive Committee consisting of Secretary (Micro, Small & Medium Enterprises) as its Chairman and Director General of the Institute as its Member-Secretary, executes the policies and decisions of the Governing Council through its whole-time Director General.

NIESBUD is an apex body established by Ministry of Micro, Small & Medium Enterprises, and Government of India. The Objectives are as follows:-

- To evolve standardised materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing.
- To help/support and affiliate institutions/organisations in carrying out training and other entrepreneurship development related activities.
- To serve as an apex national level resource institute for accelerating the process of entrepreneurship development ensuring its impact across the country and among all strata of the society.
- To provide vital information and support to trainers, promoters and entrepreneurs by organising research and documentation activities relevant to entrepreneurship development
- To train trainers, promoters and consultants in various areas of entrepreneurship development
- To offer consultancy nationally/internationally for promotion of entrepreneurship and small business development.
- To provide national/international forums for interaction and exchange of experiences helpful for policy formulation and modification at various levels.
- To share international experience and expertise in entrepreneurship development.
- To share experience and expertise in entrepreneurship development across national frontiers.

Assisting/Supporting EDP's

- Evolving Standardized Materials, Research, and Publications.
- Formulation of standardised procedures of identification and selection of potential entrepreneurs.
- Preparation of Training Aids Materials
 - Manuals
 - Handbooks
 - Lesson Plans
 - Learning Text

- Case Studies

Training Of Trainers'/Promoters'

- Accreditation Programme for Entrepreneurial Motivation Trainers
- Trainers' Training Programme for Enterprise Launching & Management.
- Trainers'/Promoters' Programme for Support Organisations such as SISIs, DICs, Development Corporations etc
- Small Business Promotion Programme
- Entrepreneurship Orientation Programme for HODs and Senior Executives

Research & Publications

- Research on topics related to entrepreneurship and allied areas. Widely disseminates the findings. The Status Analysis Study on Entrepreneurship in India; Potential of Women Entrepreneurship in India; Successful Women Entrepreneurs: Their identity; Expectations and Problem and Directory of EDP Institutions in India are some of the research publications by the Institute.
- Information materials for entrepreneurs like Handbooks on Industrial Laws; Commercial Laws; Ready Reckoner for Product Selection etc. have been prepared.
- Directory of Experts.
- Newsletter covering Schemes; News; Views; Forthcoming Activities; Agency Profile; Entrepreneurial Profile etc.

Creation & Capacity Building of EDP Institutions

The Institute provides support and guidance in establishing EDP institutions. The assistance covers developing programmes & faculty, providing training, library facilities and sharing experiences of conducting programmes at the initial stage(s).

Small Business In Focus

The Institute focuses its attention on small business development by encouraging and supporting arrangements in remote and backward areas. The number and percentage of small business among small entrepreneurs is very large. The Institute concentrates its efforts on evolving methodology for training, supporting and sustaining this Group.

National/International Forum for Exchange Of Ideas & Experiences

- The Institute organises National as well as International Meets for sharing experiences with a view to enhance success in implementation of entrepreneurship development programmes.
- Organises Workshops and Seminars on contemporary topics/issues such as sustaining entrepreneurship, emerging entrepreneurial opportunities etc.
- Encourages foreign delegations for mutual exchange of experiences.

Developing Entrepreneurial Culture

- The Institute strives to creating climate conducive to emergence of entrepreneurs from all strata of society.
- Conducts awareness campaigns for students of school and college and Institutions of Higher Learnings.
- Produces and distributes material for use by mass media like TV, AIR etc.
- Organises group discussions representing a variety of cross-sections of the society.

Services To Affiliate Members

The Institute affiliates individuals/ institutions/ organisations engaged in entrepreneurship development and related activities such as Ordinary, Associate and Corporate Members. The Institute offers the following services to the Members:-

- Besome Member of the Society and thus contribute towards discussing strategy for propogating entrepreneurship.
- Provision of consessional Facilities.
- Free Services(Library, Documentation etc.)
- Free Academic Advice/Guidance.

Sustaining Entrepreneurship

Sustaining existing entrepreneurs is an important activity. In this direction, the Institute organises Continuing Education Programmes for SSI Entrepreneurs besides providing counseling and consultancy. Short duration training programmes on Working Capital Management, Marketing, Project Identification & Selection, Accounting etc. are conducted on campus while counseling / consultancy is provided on and off campus.

Small Industries Service Institutes (SISI)

The Small Industries Service Institutes are set up to provide consultancy and training to small entrepreneurs in the following areas.

- Industrial Management
- Marketing Management
- Personnel Management
- Financial Management
- Production Management

The main functions of SISI are:

- To serve as interface between State and Central Governments.
- To provide technical support services.
- To conduct entrepreneurship development programmes
- To initiate promotional programmes
- The SISIs also render assistance in the following areas:
 - Economic Consultancy/ Entrepreneurship Development Programme Consultancy
 - Trade and market information
 - Project profiles
 - District and state industrial potential surveys
 - Training in various trade/ activities

Subcontract Exchanges (SCXs) at SISI

Sixteen subcontract exchanges have been established in the major SISIs in the country with the objective of promoting ancillarisation. The activities of these exchanges are to

1. Register spare capacities available in SSI and tiny units.
2. Identify the items required by large units on a regular basis and match this with spare capacity available.
3. Promote interaction between small and large industries.
4. Organise Vendor development programmes, exhibitions and promotional programmes.
5. Establish networking linkages with other SCXs in the country for flow of information.

Role of District Industrial Centres for the Promotion and Development of Small Scale Industries

The DICs came into existence in the year 1978. The realization of the need to make the district as a focal point of industrial planning and development crystallized in the establishment of DICs. The DICs are considered as an institutional innovation to assist small scale industrial units at three important stages viz., pre-investment, investment and post-investment stages. They are also considered as a single window of clearance for industrial units.

Announcing the Industrial Policy Statement of 1977, Mr. George Fernandez, the then Union Minister of Industries made the following statement in the Parliament. In each district there will be one agency to deal with all the requirements of small and village industries. Under the single roof of

DIC, all the services and support required by small and village entrepreneurs will be provided. These will include economic investigation of the district raw materials and other resources, supply of machinery and equipment, provision of raw materials, arrangement for credit facilities, an effective step for marketing and a cell for quality control, research and extension.

The DIC therefore is expected to provide all the services and facilities to entrepreneurs under a single roof for setting up small and village industries. There are three important functions, which the DICs could discharge profitably. The DICs should act as a data bank, an information bank and a dissemination centre, for giving prompt up-to-date and reliable information to anybody trying to set up a small scale unit and the information would not only be with regard to licensing procedures but also about what is in the realm of feasibility and what is not.

Another area is regulatory work of registration, deregistration, monitoring and utilization of credit, raw materials, processing of cases regarding supply of machinery on hire purchase, marketing assistance, etc. The third aspect in which the DICs can play an effective role is with regard to interlinkages with different institutions such as electricity department, department of water works, municipality/ panchayat, town planning, commercial banks, etc. The DICs should function in a close coordination with all agencies related to industrial development at the district level. To ensure this, there should be a single line of command operating from the DIC for the entire field staff connected with industrial promotion activities.

Functions of District Industries Centres:

- (i) To survey existing, traditional and new industries, raw materials and human resources; to identify schemes and make market forecasts for different items; to prepare sample techno-economic feasibility reports and offer investment advice to entrepreneurs;
- (ii) To assess the machinery and equipment requirements of small scale, tiny and village industries; indicate the locations where machinery and equipment for different plants may be available for entrepreneurs, to liaison with research institutions and arrange for the supply of machinery on hire purchase basis;
- (iii) To arrange for training of entrepreneurs of small and tiny units and liaison with small scale industries service institute, small scale industrial extension training institute and other institutions, to keep abreast of research and development in selected product lines and quality control methods;
- (iv) To ascertain the raw material requirements of various units, their sources and prices and to arrange for their bulk purchases and distribution to entrepreneurs;
- (v) To liaison with lead banks and other financial institutions, appraise applications, monitor the flow of industrial credit in the district, and arrange for financial assistance to entrepreneurs;
- (vi) To organize marketing outlets, to liaison with government procurement agencies, convey market intelligence to entrepreneurs, organize market surveys and market development programs;

- (vii) To give particular attention to the development of Khadi and Village and other cottage industries, to liaison with State Khadi and Village Industries Board and organize training programs for rural artisans;
- (viii) To provide immediate aid required by entrepreneurs in respect of power supply, licenses required under municipal and health departments and Factories Act for establishment of industries;
- (ix) To assist entrepreneurs in allotment of work sheds or sites required for establishment of industries in industrial estates;
- (x) To help in arranging hundred percent loans to educated unemployed belonging to scheduled castes, scheduled tribes and socially or economically backward communities for starting industries under special employment schemes;
- (xi) To help in extending suitable technical training to rural youth to pursue self-employment schemes;
- (xii) To assist in arranging grant of central and state government concessions and interest free sales tax loans, to provide capital for purchase of plant and machinery, construction of buildings and allotment of sites to new industrialists;
- (xiii) To assist entrepreneurs of small-scale units in establishing industries collectively by formation of industrial cooperatives;

Financial Institutions to Promote Entrepreneurship Development

Finance is one of the essential requirements of an enterprise. Without adequate funds, no business can be developed. In India, Central and state governments are promoting number of financial institutions to bring in the industrial development in the country. Some of the important financial institutions are:

- 1) Industrial development bank of India (IDBI)
- 2) National bank for agriculture and rural development (NABARD)
- 3) Export import bank of India
- 4) Small industrial development bank of India (SIDBI)
- 5) Industrial investment bank of India
- 6) Industrial finance corporation of India (IFCI)
- 7) Industrial Credit and Investment Corporation of India (ICICI)
- 8) Industrial Reconstruction Bank of India
- 9) Indian banking system and commercial banks
- 10) State Financial Corporations
- 11) Life Insurance corporation of India (LIC)
- 12) Unit Trust of India (UTI)

Indian Banking System and Commercial Banks

Indian banking system comprises of Reserve bank of India and other banking institutions like NABARD, National Housing Bank, Export Import Bank of India, Commercial banks (public sector banks, private sector banks, and foreign banks), Regional Rural banks, Co-operative banks, Development financial institutions such as IDBI, ICICI, IFCI, and other financial intermediaries (LIC, GIC, UTI)

Commercial banks in the context of entrepreneurship development

Commercial banks came into the business of supporting small scale industries in a significant way only after the nationalization of banks in 1969. Till that time these banks were financing small scale industries. RBI advised commercial banks to initiate activities of increase credit flow to the small scale industries.

Different schemes implemented by different banks are as follows:

➤ **State Bank of India**

State Bank of India launched entrepreneurship development programme in 1978. This programme was of one month duration, having three phases.

Initiation phase: creating awareness about entrepreneurial opportunities.

Development phase: Training in developing motivation and managerial skills

Support phase: Counseling, encouragement and infrastructural support for establishing and running enterprises.

State Bank of India (SBI) implemented scheme of financial assistance to technically qualified or trained entrepreneurs. SBI has set up Research and Development Fund for entrepreneurship development. SBI introduced deferred payment guarantee scheme for the purchase of big machines. SBI through its scheme made available fund and non-fund based facilities. SBI provides working capital to industries.

➤ **Bank of India**

Bank of India has established entrepreneurial clinic cum guidance services to guide and assist emerging entrepreneurs. Bank of India is operating following schemes for entrepreneurship development in the country.

- a) Star artisan credit card scheme.
- b) Small entrepreneur credit card scheme
- c) Star SSI supreme scheme
- d) Small entrepreneur trade card scheme
- e) Star self-employment credit card scheme
- f) Scheme for employment enhancement and poverty eradication.

➤ **Punjab National Bank**

Punjab National Bank through its Merchant Banking division provides number of benefits to small and middle level entrepreneurs. Punjab National Bank initiated a "Mahila Udyam Nidhi Scheme" for women entrepreneurs. Punjab National Bank has following schemes for developing the culture of entrepreneurship in the country.

- i) Credit assistance scheme for very small enterprises
- ii) Credit assistance scheme for beneficiaries of second preferred sectors.

➤ **Indian Bank**

Indian Bank has established an Entrepreneurship service cell to provide consultancy services to prospective entrepreneurs. In addition to these banks all other banks also assist new entrepreneurs in selection of enterprise, preparation and evaluation of project report, market survey, training at different levels, obtaining government clearance, procurement of machinery and equipments and marketing of products of the enterprises.

Entrepreneurship Development Institute of India (EDI)

The Entrepreneurship Development Institute of India (EDI), an autonomous and not-for-profit institute, set up in 1983, is sponsored by the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and State Bank of India (SBI). The government of Gujarat pledged twenty-three acres of land on which stands the EDI campus. EDI, an autonomous institution set up in 1983 as a pioneering institute for Entrepreneurship Development and Training in India and around the globe.

EDI has helped set up twelve state-level exclusive entrepreneurship development centres and institutes. Entrepreneurship has been taken to schools, colleges, science and technology institutions and management schools in the water performance sector by including entrepreneurship in their curricula. The University Grants Commission appointed the EDI as an expert agency to develop a curriculum on Entrepreneurship.

EDI conceptualized 'Entrepreneurship Development' in a 'movement' format and has expanded its concern, starting with urban to include rural too. The Institute has been acknowledged as a world leader in creating first generation entrepreneurs as also honing skills of existing ones, and it shares its expertise with several developing countries.

The driving values at the Institute are innovation, experimentation, risk-taking, inclusiveness, thinking out of the box and to offer need based & socially relevant solutions.

EDI conducts several training programmes – both national and international, implements projects for the state governments, central government and international organisations, and offers two unique Post Graduate Programmes under its Centre for Entrepreneurship Education & Research.

Post Graduate Diploma in Management - Business Entrepreneurship (PGDM-BE)

The PGDM–BE two-year, full-time, residential programme at the EDI, has been designed for entrepreneurs and entrepreneurial managers.

Post Graduate Diploma in Management - Development Studies (PGDM-DS)

Post Graduate Diploma in Management – Development Studies is designed as a broad and multi-disciplinary focused programme to equip students with knowledge, analytical and conceptual skills of social and economic development.

The entrepreneurship process at EDI Students are taught to identify opportunities and check on their feasibility. Through mentoring and guidance the students prepare a business plan. They are given a platform to pitch their ideas to banks and investors, so that they can launch their own venture.

Universities and Other Educational Institutions Offering Entrepreneurship Development Programmes

Even though education is not pre-condition for entrepreneurship development, the education which is suitable for a particular type of business definitely fosters the entrepreneurship. There were examples of big businessmen in the past who successfully started and expanded their business without having any formal degree. But they were born entrepreneurs. Today the availability of different institutions providing education, training and guidance to the emerging entrepreneurs has proved that entrepreneurs are not born, but they can be made.

The number of educational institutions grew substantially in the last four decades, especially in the last two decades there has been a phenomenal growth in the number of private self-financing institutions. The growth of professional and nonprofessional colleges has helped the young generation to acquire qualification necessary for choosing a particular type of career.

Colleges that offer Courses on Entrepreneurship in India – an Overview

The startup ecosystem has long been criticized for lack of support. While aspirants continue to look for support, there are opportunities available, especially institutional supports, through educational institutions. Ventures like Innovese & Anaya labs from BITS Pilani were started by third-year students while in college by leveraging the opportunities available in their college campus.

Apart from the Entrepreneurship Cells present in colleges, there are several educational institutions in India that offer various programmes/ courses to support entrepreneurial learning. In a way to bridge the gap between aspirants and institutional support, we have put together an exhaustive list of the different courses/programmes offered by a good mix of well established institutions .

- Amity Business School (Noida) – M.B.A in Entrepreneurship
- D Y Patil, Mumbai University (Mumbai) – M.B.A in Entrepreneurship Management
- Delhi Business School (Delhi) – specialization in Entrepreneurship & Business
- Deshpande Foundation (Hubli) – Master of Social Entrepreneurship
- EMPI's centre for Global Business Entrepreneurship & Research (Delhi) – specialization in Global Business & Entrepreneurship
- Entrepreneurship Development Institute of India (Gandhinagar) – specialization in Business Entrepreneurship
- Entrepreneurship Development Institute of India (Gandhinagar) – specialization in Development Sector and Social Entrepreneurship
- Enterprise Development Institute (Kolkata) – Diploma in Entrepreneurship
- European Management Institute (Delhi) – MBA in Entrepreneurship Development
- IIM Bangalore (NSRCEL) – specialization in Entrepreneurs & Family Businesses
- IIM Bangalore (NSRCEL) – specialization in Women Entrepreneurs
- IIM Indore – specialization in Family owned Businesses & Entrepreneurship
- IIPM (Delhi) – B.B.A/M.B.A in Planning and Entrepreneurship
- Indraprastha College of Management & Technology (Jodhpur) – specialization in Entrepreneurship & Business Management
- Infinity Business School (Gurgaon) – specialization in Entrepreneurship
- Institute of Marketing and Management (Delhi) – specialization in Entrepreneurship
- International College of Fashion (Delhi) – M.B.A in Entrepreneurship (Fashion)
- ISB (Goldman Sachs – Hyderabad) – Certificate course in Women Entrepreneurs
- ISB(Wadhwani Foundation – Hyderabad) – specialization in Global Growth Entrepreneurship
- JGI Group (Bangalore) – specialization in Entrepreneurship, Entre & Mgt,
- KIIT School of Management (Bhubaneswar) – M.B.A in Entrepreneurship
- Kohinoor Business School (Pune) – M.B.A in Entrepreneurship
- L.N. Welingkar (Mumbai) – specialization in Family Managed Business
- Lal Bahadur Sastri Institute of Management – specialization in Entrepreneurship
- Master School of Management (Meerut) – specialization in Entrepreneurship
- Mudra Institute of Communication (Ahmedabad) – specialization in Communications, Management & Entrepreneurship
- Nirma Institute of Management (Ahmedabad) – M.B.A in Family Business and Entrepreneurship

- NMIMS (Mumbai) – M.B.A in Social Entrepreneurship
- Rai Business School (Delhi) – specialization in Planning and Entrepreneurship
- SPJIMR (Mumbai) – specialization in Family Managed Business
- Tata Institute of Social Sciences (Mumbai) – M.A in Social Entrepreneurship
- Xavier Institute of Management & Entrepreneurship (Bangalore) – specialization in Entrepreneurship Development.

Entrepreneurial Development

Development of entrepreneurship incorporates four basic issues viz (i) the availability of material resources (ii) the selection of real entrepreneurs, (iii) the formation of industrial units, and (iv) policy formulation for the development of the region. All these issues are closely inter-related.

Development of an entrepreneur means inculcating entrepreneurial traits into a person, imparting the required knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude.

Objectives of an entrepreneurial development programme (EDP): The objectives of an entrepreneurial development programme (EDP) may be divided into two categories: short-term objectives, and long-term objectives.

Short-term Objectives: Short-term objectives imply the objectives which are to be achieved immediately after the completion of the programme.

Long-term Objective: In the long run, an entrepreneurial development programme seeks to equip the participants with all the skills required for the establishment and smooth running of business ventures. Thus, the objectives of an entrepreneurial development programme are as follows:

- (i) To enlarge the supply of entrepreneurs for rapid industrial development;
- (ii) To develop small and medium enterprises sector which is necessary for employment generation and wider dispersal of industrial ownership;
- (iii) To industrialise rural and backward regions;
- (iv) To provide gainful self-employment to educated young men and women;
- (v) To diversify the sources of entrepreneurship, and;
- (vi) To improve the performance of small scale industries by developing managerial skills among small entrepreneurs.

Phases of Entrepreneurial Development Programme

An entrepreneurial development programme consists of three broad phases:

1. Pre-training Phase
2. Training Phase
3. Post-training Phase

1. Initial Phase: This phase includes the activities and the preparations required to launch the training programme. The main activities of this phase are:

- (a) Arrangement of Infrastructure for training
- (b) Preparation of training syllabus and application form
- (c) Tie up of guest faculty
- (d) Designing tools and techniques for selecting the trainees
- (e) Formation of selection committee
- (f) Publicity campaign for the programme

Thus, initial stage involves the identification and selection of potential entrepreneurs and providing initial motivation to them.

2. Training Phase: In this phase the training programme is implemented to develop motivation and skills among the participants. The objective of this phase is to bring desirable changes in the behaviour of the trainees. The trainers have to judge how much, and how far the trainees have moved in their entrepreneurial pursuits. A trainer should see the following changes in the behaviour of participants.

- (a) Is there any change in his entrepreneurial outlook, role and skill?
- (b) Is he motivated to plunge for entrepreneurial venture and risk that is expected of an entrepreneur?
- (c) What kind of entrepreneurial behaviour does the trainee lack?
- (d) Does he possess the knowledge of technology, resources and other related entrepreneurial knowledge?
- (e) Is he skilful in choosing the right project, mobilising the right resources at the right time?

3. Post-Training or Follow-up Phase: Under this phase it is assessed that how far the objectives of the programme have been achieved. Monitoring and follow up reveals drawbacks in the earlier phases and suggests guidelines, for framing the future policy. In this phase infrastructural support, counselling and assistance in establishing new enterprise and in developing the existing units can also be reviewed.

Benefits :

One can easily derive the benefits of EDP from the program's roles that have already been highlighted. In summary, some of the key benefits of EDP include;

1. Business Guidance

Participants in this program receive important entrepreneurship guides that are very critical in running a successful business. The guides act as your "mentors" or "consultants" when it comes to

personal development, sales, marketing, finance, and strategy. EDP can enable you to take your enterprise to the next level through insightful and interactive guides.

2. Access to Funding

In order to grow a business, you need finances and accessing funds can be a serious challenge for most entrepreneurs. The program can give you access to financial institutions that can provide you with funds to grow your business. However, it is important to point out that the program does not provide funds but gives you access to its network financing partners.

3. Access to Infrastructure

It is sometimes very expensive to get an ideal business infrastructure on your own and this program can come in handy and help you access the necessary infrastructure. The program helps you access hot-desking facilities, IT and front-desk infrastructure, boardrooms, and business premises. The first step towards becoming a successful entrepreneur is by having access to the right business infrastructure.

4. Access to Specialists

Any business will at some point need the services of professionals in order to remain sustainable or move to the next level. Through its support system, the program can help you access experts that are cost-effective. The experts can be of great help when it comes to critical areas such as legal aid, human resources, financial advice, taxation, and marketing.

5. Access to Markets

Most entrepreneurs will agree that a business can only be sustainable when you have no access to markets. Growing entrepreneurial businesses can largely benefit from EDP through its viable market channels. Being part of the program allows you direct access to thousands of alumni businesses, other businesses on current programs, and large corporate supply chains.

TRAINING

TRAINING AIMED AT DEVELOPING ENTREPRENEURIAL COMPETENCE IN POTENTIAL INDIVIDUALS IS CALLED ENTREPRENEURIAL TRAINING. MOTIVATING PROBABLE ENTREPRENEURS, ASSISTING THESE INDIVIDUALS IN ENDEAVOR TO DO THE APPROPRIATE ACTIVITIES AND ENTERPRISES, IMPROVING THEIR ENTERPRISE DEVELOPMENT SKILLS, AND FACILITATING THEM TO MAKE ECONOMICALLY AND TECHNICALLY FEASIBLE PROJECT REPORTS ARE THE MAIN ACTIVITIES OF ENTREPRENEURIAL TRAINING PROGRAMMES.

ACTUALLY, THROUGH SUCH TRAINING, THE ENTREPRENEURS BECOME ABLE TO APPLY THE MANAGERIAL TECHNIQUES IN DIFFERENT MANAGEMENT AREAS AND LAUNCH THEIR OWN ENTERPRISES. DIFFERENT MANAGERIAL" TOPICS LIKE PRODUCTION MANAGEMENT, RESOURCE MANAGEMENT, MARKETING MANAGEMENT, FINANCIAL MANAGEMENT, TAXATION, INVENTORY CONTROL, LABOUR LAWS, ETC., ARE COVERED IN THE ENTREPRENEURIAL TRAINING PROGRAMMES.

OVERALL, THE ENTREPRENEURIAL TRAINING IS VERY HELPFUL IN MOTIVATING AND DEVELOPING THE ENTREPRENEURIAL KNOWLEDGE AND SKILLS AMONG INDIVIDUALS.

THE MAIN OBJECTIVES OF ENTREPRENEURIAL TRAINING ARE ENLISTED BELOW:

- TO ENCOURAGE THE SPIRIT OF SELF-EMPLOYMENT AMONG ENTREPRENEURS AND DEVELOP SMALL AND MEDIUM ENTERPRISES.
- TO ENCOURAGE NEW VENTURE ESTABLISHMENT AND EXPANSION OF THE EXISTING ONES IN RURAL AREAS THROUGH DESIGNING ESPECIAL PROGRAMMES.
- TO INCULCATE THE ENTREPRENEURIAL SKILLS TO POTENTIAL ENTREPRENEURS AND HELP DEVELOP THE SAME IN EXISTING ENTREPRENEURS.
- TO ENABLE THE ENTREPRENEURS TO DEFINE OR REDEFINE THEIR BUSINESS OBJECTIVES AND WORK INDIVIDUALLY AS WELL AS IN GROUP FOR THE REALIZATION OF THE SAME.
- TO MAKE THE ENTREPRENEURS READY FOR UNFORESEEN THREATS AND RISKS ASSOCIATED WITH THE BUSINESS.
- TO FACILITATE STRATEGIC DECISION MAKING AMONG ENTREPRENEURS.
- TO INCULCATE TEAM BUILDING AND COORDINATION SKILLS FOR MEETING THE FUTURE DEMANDS.
- TO DEVELOP THE COMMUNICATIONS SKILLS AMONG THE POTENTIAL ENTREPRENEURS.
- TO MAKE THE POTENTIAL ENTREPRENEURS ABLE TO DEFINE THE VISION OF THEIR VENTURES AND WORK IN COORDINATION FOR THE REALIZATION OF THE SAME.
- TO MAKE THE POTENTIAL ENTREPRENEURS ABLE TO ANALYSE THE ENVIRONMENT AROUND THEM AND TAKE SUITABLE DECISIONS ABOUT THE PRODUCT.
- TO MAKE THE POTENTIAL ENTREPRENEURS. UNDERSTAND THE LEGAL PROCEDURES AND NORMS INVOLVED ESTABLISHING A NEW VENTURE.
- TO INCULCATE THE BASICS OF INDUSTRIAL RELATIONS AMONG POTENTIAL ENTREPRENEURS.

THE VARIOUS METHODS OF PROVIDING TRAINING TO THE ENTREPRENEURS ARE AS FOLLOWS:

1) LECTURE METHOD:

AS THE NAME SUGGESTS, LECTURE METHOD INVOLVES PROVIDING INFORMATION TO THE TRAINEES ORALLY. IN CASE OF ANY DOUBT ARISING IN THE MINDS OF TRAINEES, CLARIFICATION CAN BE GIVEN SPONTANEOUSLY BY THE INSTRUCTORS.

2) WRITTEN INSTRUCTIONAL METHOD:

WHEN THE TRAINING CONTENTS ARE TO BE USED IN THE FUTURE BY THE TRAINEES, THIS METHOD IS USED AND IT IS MOST POPULAR IN CASE OF STANDARDIZED PRODUCTION SYSTEM.

3) INDIVIDUAL INSTRUCTION:

IN THIS METHOD, ONLY ONE PERSON IS CHOSEN FOR PROVIDING ENTREPRENEURIAL TRAINING. WHEN A TOUGH SKILL IS TO BE IMPARTED IN THE CANDIDATE, THIS TYPE OF TRAINING BECOMES VERY USEFUL.

4) GROUP INSTRUCTION:

WHEN THE TRAINING IS TO BE PROVIDED TO THE GROUP OF DIFFERENT INDIVIDUALS, THIS METHOD IS ADOPTED PARTICULARLY WHEN THESE PERSONS HAVE TO PERFORM THE SAME TYPE OF ACTIVITIES AND SIMILAR INSTRUCTIONS ARE TO BE GIVEN TO ALL THE CANDIDATES.

5) DEMONSTRATION METHOD:

THIS METHOD IS MAINLY USEFUL WHEN THE PHYSICAL EXPOSURE IS TO BE IMPARTED BY THE TRAINER. IN THIS METHOD, THE MAIN FOCUS IS ON PROVIDING PRACTICAL KNOWLEDGE RATHER THAN THEORETICAL KNOWLEDGE.

6) MEETINGS:

THIS METHOD OF TRAINING MAINLY INVOLVES THE GROUP OF PEOPLE TO DISCUSS THE DIFFERENT ISSUES FACED BY THEM. THEY SHARE THEIR VIEWS, IDEAS AND DIFFERENT CONCLUSIONS ARE DRAWN ON THE BASIS OF VARIOUS ALTERNATIVES AND SUGGESTIONS.

7) CONFERENCE:

THIS METHOD IS GENERALLY USED FOR IMPARTING KNOWLEDGE REGARDING NEW IDEAS AND TECHNIQUES TO THE TRAINEES. HERE, CONFERENCES ARE ORGANIZED AND EXPERTS FROM DIFFERENT FIELDS ARE CALLED TO SHARE THEIR KNOWLEDGE AND EXPERIENCES USEFUL FOR THE TRAINEES.

TRAINING PROGRAMS FOR NEW AND EXISTING ENTREPRENEURS:

SIMILAR TO METHODS OF TRAINING WHICH WE DISCUSSED BEFORE.

Unit - IV

Introduction

Women constitute about 50% of the world population. In traditional societies, they are confined to performing household activities. Hence women are generally called home makers. But today, in

modern society, they have moved out of the house and are taking part in all areas of life. Today; the entrepreneurial world is open to the womenfolk. Thailand tops the list with 18.5% of women as entrepreneurs followed by India with 14.1% women entrepreneurs. Japan has the lowest rate of women entrepreneurs with just 0.6% women as entrepreneurs.

CONCEPT:

According to the general concept, women entrepreneur may be defined as a women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined a women entrepreneurship as “an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women”.

REASONS FOR THE SLOW GROWTH OF WOMEN ENTREPRENEURSHIP

In spite of the initiatives taken by the government, the growth of women entrepreneurship is very slow in the state. The reasons are outlined as below:

- Unfavourable family background.
- Lack of business education.
- Dual role of women.
- Lack of aptitudes and training.
- Absence of individualistic spirit.
- Lack of freedom to choose a job according to ability, influence of sex, custom etc.
- Inadequate infrastructure facilities.
- Shortage of capital and technical knowhow.
- Lack of adequate transport and communication facilities.
- Shortage of power.
- Lack of security.
- Absence of ideal market conditions.
- Corruption in administration.

PROBLEMS OF WOMEN ENTREPRENEURS

The basic problem of a woman entrepreneur is that she is a woman. Women entrepreneurs face two sets of problems specific to women entrepreneurs. These are summarized as follows.

1) Shortage of Finance: Women and small entrepreneurs always suffer from inadequate fixed and working capital. Owing to lack of confidence in women’s ability, male members in the family do not like to risk their capital in ventures run by women. Banks have also taken negative attitude

while lending to women entrepreneurs. Thus women entrepreneurs rely often on personal saving and loans from family and friends.

2) Shortage of Raw Material: Women entrepreneurs find it difficult to procure material

and other necessary inputs. The prices of many raw materials are quite high.

3) Inadequate Marketing Facilities: Most of the women entrepreneurs depend on intermediaries for marketing their products. It is very difficult for the women entrepreneurs to explore the market and to make their product popular. For women, market is a 'chakravyuh'.

4) Keen Competition: Women entrepreneurs face tough competition from male entrepreneurs and also from organized industries. They cannot afford to spend large sums of advertisement.

5) High Cost of Production: High prices of material, low productivity. Under utilisation of capacity etc. account for high cost of production. The government assistance and subsidies would not be sufficient for the survival.

6) Family Responsibilities: Management of family may be more complicated than the management of the business. Hence she cannot put her full involvement in the business. Occupational backgrounds of the family and education level of husband has a direct impact on the development of women entrepreneurship.

7) Low Mobility: One of the biggest handicaps for women entrepreneur is her inability to travel from one place to another for business purposes. A single women asking for room is looked upon with suspicion. Sometimes licensing authorities, labour officials and sales tax officials may harass them.

8) Lack of Education: About 60% of women are still illiterate in India. There exists a belief that investing in woman's education is a liability, not an asset. Lack of knowledge and experience creates further problems in the setting up and operation of business.

9) Low Capacity to Bear Risks: Women lead a protected life dominated by the family members. She is not economically independent. She may not have confidence to bear the risk alone. If she cannot bear risks, she can never be an entrepreneur.

10) Social Attitudes: Women do not get equal treatment in a male dominated society. Wherever she goes, she faces discrimination. The male ego stands in the way of success of women entrepreneurs. Thus, the rigid social attitudes prevent a woman from becoming a successful entrepreneur.

11) Low Need for Achievement: Generally, a woman will not have strong need for achievement. Every woman suffers from the painful feeling that she is forced to depend on others in her life. Her pre-conceived notions about her role in life inhibit achievement and independence.

12) Lack of Training: A women entrepreneur from middle class starts her first entrepreneurial venture in her late thirties or early forties due to her commitments towards children. Her biggest problem is the lack of sufficient business training.

13) Lack of Information: Women entrepreneurs sometimes are not aware of technological developments and other information on subsidies and concessions available to them. They may not know how to get loans, industrial estates, raw materials etc.

REMEDIES TO SOLVE THE PROBLEMS OF WOMEN ENTREPRENEURS

The following measures may be taken to solve the problems faced by women entrepreneurs in India:

- In banks and public financial institutions, special cells may be opened for providing easy finance to women entrepreneurs. Finance may be provided at concessional rates of interest.
- Women entrepreneurs' should be encouraged and assisted to set up co-operatives with a view to eliminate middlemen.
- Scarce and imported raw materials may be made available to women entrepreneurs on priority basis.
- Steps may be taken to make family members aware of the potential of girls and their due role in society.
- Honest and sincere attempts should be undertaken by the government and social organizations to increase literacy among females.
- In rural areas self employment opportunities should be developed for helping women.
- Marketing facilities for the purpose of buying and selling of both raw and finished goods should be provided in easy reach.
- Facilities for training and development must be made available to women entrepreneurs. Family members do not like women to go to distant place for training. Therefore mobile training centres should be arranged. Additional facilities like stipend, good hygienic creches, transport facilities etc., should be offered to attract more women to training centres.

MEASURES TAKEN FOR THE DEVELOPMENT OF WOMEN ENTREPRENEURSHIP IN INDIA

Women empowerment should be one of the primary goals of a society. Women should be given equality, right of decision-making and entitlements in terms of dignity. They should attain

economic independence. The most important step to achieve women empowerment is to create awareness among women themselves. Development of women can be achieved through health, education and economic independence. Realizing the importance of women entrepreneurs, Govt. Of India has taken a number of measures to assist them. Some of the important measures are outlined as follows:

1) TRYSEM: Training of Rural Youth for Self Employment was launched on 15th August 1979 which is still continuing. The objective of TRYSEM is to provide technical skills to rural youth between 18 and 35 years of age from families below the poverty line to enable them to take up self employment in agriculture and allied activities, industries, services and business activities. This is a sub scheme of IRDP. Training given through ITIs, Polytechnics, Krishi Vigyan Kendra, Nehru Yuva Kendras etc has helped many rural women set up their own micro enterprises with IRDP assistance.

2) BANKS: Banks particularly commercial banks have formulated several schemes to benefit women entrepreneurs. These include Rural Entrepreneurship Development Programmes and other Training programmes, promotion of rural non-farm enterprise, women ventures etc.

3) NABARD: NABARD as an apex institution guides and assists commercial banks in paying special attention to women beneficiaries while financing. It has also been providing refinance to commercial banks so as to help the latter institutions to supplement their resources which could be deployed for the purpose of financing women beneficiaries.

4) INDUSTRIAL POLICY: The new Industrial policy of Government has specially highlighted the need for conducting special entrepreneurship programme for women.

5) INSTITUTIONS AND VOLUNTARY ASSOCIATION: Several voluntary agencies like **FICCI Ladies Organization (FLO)**, **National Alliance of Young Entrepreneurs (NAYE)** and others assist women entrepreneurs.

NAYE has been a leading institution engaged in the promotion and development of entrepreneurship among women. It convened a conference of women entrepreneurs in November 1975. It assists the women entrepreneurs in:

- (a) Getting better access to capital, infrastructure and markets.
- (b) Identifying investment opportunities.
- (c) Developing managerial and productive capabilities.
- (d) Attending to problems by taking up individual cases with appropriate authorities.

(e) Sponsoring participation in trade fairs, exhibitions, special conference etc.

6) NATIONAL POLICY FOR THE EMPOWERMENT OF WOMEN, 2001: As to the commitments made by India during the Fourth World Conference on women held in Beijing during September, 1995, the Department of women and children has drafted a national policy for the empowerment of women. This is meant to enhance the status of women in all walks of life at par with men.

ASSISTANCE TO WOMEN ENTREPRENEURS

Entrepreneurship does not differentiate the sex. A number of facilities and assistance are offered to the entrepreneurs. However, certain additional incentives or facilities offered to women entrepreneurs are discussed as follows.

SMALL INDUSTRIAL DEVELOPMENT ORGANISATION (SIDO) :

SIDO through a network of SISIs conduct the EDPs exclusively for women entrepreneurs. The aim is to develop entrepreneurial traits and qualities among women and enable them to identify entrepreneurial opportunities etc.

NATIONAL SMALL INDUSTRIES CORPORATION (NSIC): The H.P. scheme of NSIC provides preferential treatment to women entrepreneurs. It also conducts Entrepreneurs and Enterprise Building programmes for women.

INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI): The schemes of IDBI for women entrepreneurs are summarized as follows:

PROMOTER'S CONTRIBUTION: The IDBI set up the ***Mahila Udyan Nidhi (MUN)*** and ***Mahila Vikas Nidhi (MVN)*** schemes to help women entrepreneurs. IDBI conduct programmes of training and extension services through designated approved agencies and association with other development agencies like EDII, TCOs, KVIC etc.

Unit V

Creativity in Entrepreneurship: Importance and Types: The major contributor to economic growth is the Entrepreneurship but there is a huge impact of creativity on it. Creative thinking is a must-have skill that an entrepreneur must have to create some inventive ideas and make the entrepreneurial process a big success. Creativity allows the business to devise some interesting strategies that give advantage to the entrepreneurs.

Creativity refers to the essential source of inventiveness and can lead to the formation of new firms and to make improvements in existing products of the company to become more efficient and competitive in the marketplace. A blend of creativity and technology in the activities of

entrepreneurship to commercialize the idea related to products and services is helpful to strengthen the entrepreneurship.

Importance of Creativity in Entrepreneurship

1. Creation of innovative ideas:

The entire procedure of entrepreneurship rotated around the creation and exploration of some innovative ideas. When an entrepreneur gets innovative that is efficient and in favour of the business, then they can stay ahead of the curve and beat the competition in a very proper manner. It is a kind of learning skill that is possessed by some individuals to explore some inventive ideas and thoughts that can create a huge difference and help the business to stay always in the hit list.

2. Novel ways to develop and improve the products:

Creativity is all the way associated with making changes in the products or services in such a way that it creates something different. Chances of improvement in any product are high but it just needs some sort of creative thinking to know what is missing in the products. This thing can only be assessed by a creative entrepreneur.

3. Thinking out of the world:

The intention and imagination of producing something different with unique ideas are called Creativity. Imagination is always must to cross the boundaries between the normal and unique and come up with something that can help you think outside of the box. The creative entrepreneur always thinks out of the world and replaces the traditional solutions with inventive ones. Creativity meant to be creates something new, interesting and versatile to get some potential.

4. Searching the same patterns but the areas are different:

Somehow, due to monotonous routine and surroundings, we always go with the same procedures all the time. A connection between the dissimilar and unrelated subjects allows creativity to happen and make some successful ideas for entrepreneurship. The creation of new niches comes by merging the different ideas and fields which may give something innovative and interesting intersection.

5. Growth of new niches with creativity and entrepreneurship:

It is vital to explore the new aspects of conventional business in the entrepreneurship. It can be done in various ways such as by changing the manufacturing techniques, mode of delivery or make some changes in the service or product. All these changes create a big difference in business strategies and give birth to a new niche.

6. Startup success is not enough:

Sometimes, the entrepreneurs get some initial ideas that establish a creative image of the entrepreneur in the eyes of the people and they think that it is not required to be

creative again in the future. But this is not at all enough to succeed in the avenue of business as creativity keeps a business to remain ahead of the curve.

Types:

1. Deliberate and Cognitive creativity

These characteristics possessed by people who are purposeful. These people have a huge amount of knowledge regarding a particular subject and they utilize their skills and abilities to prepare a plan to accomplish something. When people work in a definite niche for a long time, then they can be built such type of creativity and it takes some time.

2. Deliberate and Emotional Creativity

These are a category of people whose work is swayed by their emotions as these people are very emotional as well as sensitive in nature. Relatively, these people need some personal and quiet time to reflect and they like to write a diary. However, their decisions are always logical and rational at the same time.

3. Spontaneous and Cognitive Creativity

It is a time when you get into the problem and spend a lot of time to find out the relevant solutions but no solution is to figure out. For instance, when you want a definite schedule for a month to done the job in a timely manner but you do not have any particular idea about the possible way and when you find time for relaxation, you suddenly get an idea in your mind with a perfect solution and everything is done here.

4. Spontaneous and Emotional Creativity

This type of creativity is associated with the “amygdale” part of the human brain as it is responsible for emotional thinking in the human’s mind. When the prefrontal, as well as the conscious mind, is resting, then this type of creativity happens. Mostly, it can be seen in great artists such as musicians, painters and writers.

SOURCES AND METHODS OF IDEAS PLANNING AND DEVELOPMENT OF PROGRAMMES:

Any good business ideas could be an invention, a new product or service, or an original idea or solution to an everyday problem. A good business idea does not necessarily have to be a unique products or services. Majority of the entrepreneurs credited their accomplishment to the exceptional execution of ordinary ideas. The chances of success therefore will be far greater if you can market a product that is similar to existing offerings, while providing greater value to customers. Here are a few ways to build upon the already existing material and would still provide a profit-driven concept:

1. Develop ideas as an extension of an existing product (i.e. adding camera and song features to a mobile phone).
2. Create an improved service (fast delivery services).
3. Market a product at a lower price (via e-commerce e.g. amazon.com).
4. Add value to an existing product or service (i.e. reputable brand name or delivery service).
5. Altering their quality or quantity.
6. Introducing automation, simplification, convenience (i.e. smart product).
7. Personal interests or hobbies, many people find ways to turn their hobbies into successful businesses.
8. Work experiences, skills, abilities related to the work you do.
9. A familiar or unfamiliar product or service.
10. Spot the latest trends.
11. Changing the delivery method, packaging, unit size or shape.
12. Increasing mobility, access, portability or disposability.
13. Simplifying repair, maintenance, replacement or cleaning.
14. Changing their colour, material or shape.

TECHNIQUES FOR GENERATING IDEAS

In general, entrepreneurs identify more ideas than opportunities because many ideas are typically generated to find the best way to capitalise on an opportunity. Several techniques can be used to stimulate and facilitate the generation of new ideas for products, services and businesses. Figure 4.1 list the techniques.

Brainstorming

Focus Groups

Observation

Surveys

Emerging Trends

Research and Development

Tradeshows and association meetings

Other Technique

(a) Brainstorming:

This is a process in which a small group of people interact with very little structure, with the goal of producing a large quantity of novel and imaginative ideas. The goal is to create an open, uninhibited atmosphere that allows members of the group to “freewheel” ideas. Normally, the leader of the group asks the participants to share their ideas. As group members interact, each idea sparks the thinking of others, and the spawning of ideas becomes contagious.

(b) Focus Groups:

These are group of individuals who provide information using a structured format. Normally, a moderator will lead a group of people through an open, in depth discussion. The group members will form comments in open-ended in-depth discussion for a new product area that can result in market penetration. This technique is an excellent source for screening ideas and concept.

(c) Observation:

A method that can be used to describe a person or group of people behaviour by probing:

- (i) What do people/organisations buy?
- (ii) What do they want and cannot buy?
- (iii) What do they buy and don't like?
- (iv) Where do they buy, when and how?
- (v) Why do they buy?

(vi) What are they buying more of?

(vii) What else might they need but cannot get?

(d) Surveys:

This method is proposed by Zikmund (1994). This process involves the gathering of data based on communication with a representative sample of individuals. This research technique requires asking people who are called respondents for information either verbally or by using written questions. Questionnaires or interviews are utilised to collect data on the telephone or Face-to-face interview.

(e) Emerging Trends:

The example is based on the population within your area may be getting older and creating demand for new products and services.

(f) Research and Development:

Research is a planned activity aimed at discovering new knowledge, with the hope of developing new or improved products and services. Researching new methods, skills and techniques enable entrepreneurs to enhance their performance and ability to deliver better products and services.

(g) Tradeshows and association meetings:

This can be an excellent way to examine the products of many potential competitors, uncover product trends and identify potential products.

(h) Other Technique:

This can be achieved by reading relevant trade magazines and browsing through trade directories. These may include local, national and foreign publications.

STEPS FOR STARTING A NEW VENTURE

Once an entrepreneur becomes aware of the concept and role of new venture, he could make up his mind and proceed toward taking concrete actions to establish the unit. The entrepreneur could for that purpose, draw a plan of action so as to suit his requirement of setting up a new venture. An entrepreneur searches for and identifies an opportunity before working energetically to convert it into a business reality. Opportunity is a result of interaction between the need of the society, capability of the entrepreneur and resources available in the environment. He does this by being alert to the world around him. The process of

‘opportunity sensing’ involves five steps:

(a) Scanning the Environment.

(b) Product Development and Selection.

(c) Preparing Project Report.

(d) Project Appraisal.

(e) Resourcing.

1. SCANNING THE ENVIRONMENT

Scanning of environment refers to the understanding of socio-culture, economic, technological, fashion and even the changing life style and aspirations of local people. It is not a matter of just observing the obvious in the environment but sensing the emerging opportunities out, of the interaction of such futuristic/emerging needs of goods and services which otherwise are not perceived by general masses. Scanning of environment is done by collecting information from various sources

A. Personal Informal Sources

- a. Family
- b. Customers
- c. Friends
- d. Colleagues
- e. Salesmen
- f. Social Contacts
- g. Employees

B. Personal Formal Sources

- a. Bankers
- b. Business Councilors Impersonal Written Sources

C. Impersonal Written Sources

- a. Magazines
- b. Journals
- c. Books
- d. Newsletters
- e. Newspapers
- f. Catalogues

D. Impersonal Oral Sources

- a. Trade Shows
- b. Seminars / Workshops
- c. Professional Organizations
- d. Small Business Organizations
- e. Suppliers/Dealers

One should use as many sources as possible for the purpose of scanning the environment.

2. PRODUCT DEVELOPMENT AND SELECTION

The environment scanning as described earlier will result in the location of a variety of situations out of which product/service can be selected. There are a number of ways of selection and development of new product and service.

- A. Solving people's problems
- B. Combining two or more ideas
- C. New ways of doing old things
- D. Improving the product/service
- E. Extending somebody else's successful idea to other settings
- F. Adding new value to an old product
- G. Doing market research
- H. Use of hobby
- I. Building up the skills
- J. Turning waste materials into something useful
- K. Bringing ideas home from holidays
- L. Brain storming
- M. Checking published lists
- N. Talking and listening to people
- O. Day dreaming and fantasizing
- P. Understanding what things do rather than what they are
- Q. Thinking of product use with change in size

3. PROJECT REPORT PREPARATION

Having decided upon the product and organization, the entrepreneur has to put his ideas and other information sought in black and white. This should be so well presented that it provides all relevant information in refer to the project: Accordingly, the task or project report preparation encompasses information under various heads. Necessary documents quotations and enquiry should be attached with the details under the given heads to form a pro report. It may not be out of place to emphasise that the project report should be prepared by the entrepreneur himself. This, not only would save his money, but also clarify many doubts, thereby, making him more optimistic of the success of the project. A project report should normally cover following points in detail.

1. Brief introduction of the proposed project

2. Brief History: Why did the entrepreneur(s) decide to set up this particular project?

3. The Unit (Attach relevant documents).

- (a) Constitution of the unit (proprietorship, partnership, private limited company etc). Share of each partner in case of a partnership concern should also be mentioned.
- (b) Nature of unit: Whether ancillary to some large unit or not.
- (c) Details of associate concerns, if any.

4. The promoter and key personnel (viz Proprietor/Partners/Directors)

- (a) Brief detail of background with special reference to any experience in related fields and how it will help the promoter(s) in successfully running the unit.
- (b) Enclose bio-data (data-wise details of education jobs held and business/industrial activities undertaken).

5. Product

- (a) Description of the product to be manufactured.
- (c) Where is the product used or consumed?
- (c) Product range: Various types of products to be manufactured.

6. Marketing and Competition

- (a) General market trends.
- (b) Estimated overall demand.
- (c) Segmentation of estimated demand, the proposed share of the unit and projected sales for first three years.
- (d) Region or segments proposed to be covered by the unit.
- (e) Competition and how does the unit propose to meet the competition?
- (f) Price and quality: How the unit's product will compare with those of its competitors?
- (g) Marketing strategy.
 - (i) If selling directly to customer, then details of showroom, sales force etc.
 - (ii) If selling through agents their details, period of contract, commission payable, unity etc, to be offered by them and terms of payment.
- (h) Value of orders in hand (already received by the promoters) and expected shortly (correspondence going on).

7. Manufacturing process

- (a) Process flow chart, giving the manufacturing flow from one process to the next; from one machine to the next.
- (b) Various operations for each item, sequence of operations and time taken for each operation.
- (c) Input/output ratios between raw material and finished products.
- (d) Any special techniques involved.

8. Machinery and plant capacity

- (a) Details of machinery required for the project.
- (b) Capacity of each machine and power required for them.
- (c) Technical details and specifications of machinery.
- (d) Details of suppliers.
- (e) Price of each machine.
- (f) Procurement time and availability in market.

- (g) Spat-c parts required and their availability.
- (h) Reasons for selecting a particular supplier, along with quotations for each item at least 2 or 3 different suppliers (not different fit-ms under same control).

9. Raw material

- (a) Details of various raw materials required.
- (b) Specifications of each type of raw material.
- (c) Availability (whet-c available, how easily available etc.).
- (d) Names of suppliers.
- (e) Source.
- (f) Whether quota, non-quota or imported items.
- (g) Price at which raw material is available.
- (h) Procurement time from time of ordering to receipt of material.
- (i) Minimum order quantity.
- (j) Whether any credit is available from suppliers.
- (k) Details of consumable item (such as oil, lubricants, cleaning material etc.)

10. Land and Building (in case own building is to be constructed)

- (a) Total at-ca and cost of land required.
- (b) Cost of land development.
- (c) Covered and uncovered area.
- (d) Estimate of building including utilities (water, electricity, etc.).

11. General management and technical staff

- (a) Duties of promoter(s).
- (b) Indirect staff such as sales-cum-purchase assistant, accountant-cum-storekeeper etc.
- (c) Direct labour strength such as skilled workers, unskilled workers, semi-skilled workers.
- (d) Salary or wages, incentives, bonus etc., of each worker.

12. Cost of the project

Land, building, plant and machinery, furniture and fixture, pre-opreative expenses, contingencies, working capital required. Supporting details should be given in annexure. Discuss each item in detail.

13. Means of Finance: (Discuss each item in detail)

- (a) Term loan from bank.
- (b) Government subsidy (if available),
- (c) Deferred payments.
- (d) Promoter's contribution.

(e) Loans from friends and relatives.

(f) Equity assistance.

14. Working capital required

(a) Anticipated monthly sales.

(b) Cost of raw material consumed per month.

(c) Total monthly production cost.

(d) Average raw-material stocking level for various raw materials and consumable items.

(e) Average period of processing or work-in-process.

(f) Finished goods stocking level.

(g) Cash sales.

(h) Credit sales and period of bill realization.

(i) Average credit available from market.

15. Cost of production and profitability

(a) Details of raw material content for each item.

(b) Details of monthly expenses.

(c) Bifurcation of monthly expenses into fixed and variable expenses.

(d) Itemwise cost of production and total annual cost of production.

(e) Itemwise annual sales turnover.

(f) Total annual profit.

(g) Total cash accruals.

16. Profitability and Break Even Point (BEP)

17. Project implementation schedule

18. Repayment schedule as desired by promoter(s)

19. Internal rate of return

20. Security offered

21. Any other details

4. PROJECT APPRAISAL

A final view on the proposal is taken which is based on combination of factors like technical financial, commercial, managerial and operational. Weakness or deficiency in any project does not prepare a ground for its rejection but care is taken to initiate action to minimize its impact on the project. In order to overcome or minimize the deficiencies in a project, promoters are advised to revamp the project or take necessary precautions. Suitable conditions are stipulated to ensure that these suggestions are implemented. Banks and financial institutions are required to examine the viability of a project before deciding whether to provide financial assistance or not. It is essential for a financial institution to ensure beforehand that the project will generate sufficient return on the resources invested. The surplus available from the project should be sufficient to pay interest on term

loans and repay the principal amount within a reasonable period, depending upon the nature of the project. Moreover, highly capital intensive projects require higher repayment period vis-a-vis small and medium projects. The viability of a project depends on the technical feasibility, marketability of the products at a profitable price and management of the unit. Along with, the project should also be within the framework of national priorities based on social cost benefit analysis.

Objectives of Project Appraisal

Project appraisal is a tool for an ex-ante analysis of a designed scheme: It identifies and estimates the expected costs and benefits to a project. It is a conscious scrutiny which helps to design a conceptual framework that helps monitor and evaluate the actions. Project appraisal undertaken by the financial institutions furnishes necessary information on the following aspects

- The specific and predicted results of a project.
- The information necessary to determine the success or failure of a project.
- The standard yardsticks to be applied while determining the rate of success or Failure of a project.

Aspects of Project Appraisal

A comprehensive appraisal of a project can be performed by covering the following prospect:

- Technical appraisal.
- Financial appraisal.
- Economic appraisal.
- Management appraisal.
- Operational appraisal.
- Organization appraisal.

5. RESOURCING

The implementation s comprises all spade work required to set up the business venture. This covers procurement of land, construction of building, erection of machine obtaining necessary licenses registration of the enterprise etc. To set up a business venture, particularly a manufacturing enterprise, an entrepreneur needs to be a network of individuals/organizations that can help him in various stages of setting up an enterprise and running it. Typically, assistance may be sought from the following:

- Small Business Club.
- Research Laboratories.
- Exhibitions, Trade Fairs.
- Chamber of Commerce.
- Entrepreneurs' Association.
- Trade Association Relatives/Friends.
- Technical Training Institutes.

- Small Business Development Organization.

A. Categories of Resources

Resources may be further categorized as:

- **Physical Resources:** Premises, supplies of raw materials, tools, equipments; machinery, etc.
- **Technical Resources:** Technical know-how, prototypes, designs, technical training.
- **Financial Resources:** Funds needed for physical, technical facilities and inputs for the enterprise.
- **Human Resources:** Workers/managers.
- **Marketing Resources:** Dealers, wholesalers, stockiest, agents, salesmen, marketing organizations, etc.,.

E-business or Online business means business transactions that take place online with the help of the internet. The term e-business came into existence in the year 1996. E-business is an abbreviation for electronic business. So the buyer and the seller don't meet personally.

In today's world, we are exposed to various forms of e-Business. Since its emergence, it has grown by leaps and bounds. Some predict that it may very soon overtake brick and mortar stores completely. While that remains to be seen, we cannot ignore the immense role it plays in the current global economy.

Features of Online Business

Some of the features of Online Business are as follows:

- It is easy to set up
- There are no geographical boundaries
- Much cheaper than traditional business
- There are flexible business hours
- Marketing strategies cost less
- Online business receive subsidies from the government
- There are a few security and integrity issues
- There is no personal touch
- Buyer and seller don't meet
- Delivery of products takes time
- There is a transaction risk
- Anyone can buy anything from anywhere at anytime
- The transaction risk is higher than traditional business

Types:

Business-to-Business (B2B)

Transactions that take place between two organizations come under Business to business. Producers and traditional commerce wholesalers typically operate with this type of electronic commerce. Also, it greatly improves the efficiency of companies.

Business-to-Consumer (B2C)

When a consumer buys products from a seller then it is business to consumer transaction. People shopping from Flipkart, Amazon, etc is an example of business to consumer transaction. In such a transaction the final consumer himself is directly buying from the seller.

Consumer-to-Consumer (C2C)

A consumer selling product or service to another consumer is a consumer to consumer transaction. For example, people put up ads on OLX of the products that they want to sell. C2C type of transactions generally occurs for second-hand products. The website is only the facilitator not the provider of the goods or the service.

Consumer-to-Business (C2B)

In C2B there is a complete reversal of the traditional sense of exchanging goods. This type of e-commerce is very common in crowdsourcing based projects. A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products.

Consumer-to-Administration (C2A)

The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration. Some examples of applications include

- Education – disseminating information, distance learning, etc.
- Social Security – through the distribution of information, making payments, etc.
- Taxes – filing tax returns, payments, etc.
- Health – appointments, information about illnesses, and payment of health services, etc.

Business-to-Administration (B2A)

This part of e-commerce encompasses all transactions conducted online by companies and public administration or the government and its various agencies. Also, these types of services have increased considerably in recent years with investments made in e-government.

