

ENTREPRENEURSHIP

By

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Entrepreneurship

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PREFACE

In the current scenario, Entrepreneurship is the key to the economic development of a country. Entrepreneurial development is essential for industrialization, generating employment and poverty alleviation. Entrepreneurship is a strategy and can be developed through planned efforts.

The book is targeted at under – graduate students of management and commerce and reflects my understanding of the requirements of students. The book offers conceptual clarity, in depth coverage and the Indian context with its emphasis on a student-friendly approach and an attempt to demystifying the ‘tough’ subject. The book is divided into five parts

Part I elaborates the basics of Entrepreneurship and economic growth qualities of an entrepreneur.

Part II elaborates Identification of opportunities – steps in setting up a Business –setting up a small scale unit

Part III elaborates Institutional arrangement for Entrepreneurship Development – DIC, ITCOT, SIDCO, NSIC, SISIs, TIIC, SIDBI, and Commercial Banks

Part IV elaborates Project report – project identification – contents of project report

Part V elaborates Women Entrepreneurship

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Project report - project identification - contents of project
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Women Entrepreneurship

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UNIT I

ENTREPRENEURSHIP

An **entrepreneur** is a person who organizes a venture to benefit from an opportunity, rather than working as an employee. Entrepreneurs play a key role in any economy. These are the people who have the skills and initiative necessary to anticipate current and future needs and bring good new ideas to market.

Entrepreneurs who prove to be successful in taking on the risks of a startup are rewarded with profits, fame and continued growth opportunities. Those who fail suffer losses and become less important in the markets. Many fail, lose money, and close the business.^{[1] [2]} The entrepreneur assumes all the risks and rewards of the venture and is usually the sole proprietor, a partner or the owner of the majority of shares in an incorporated venture. As the main decision maker the entrepreneur monitors and controls the business activities.

According to Joseph Alois Schumpeter (1883 - 1950) entrepreneurs regard profit as a standard for measuring achievement or success and discovered that they:

- Value self-reliance;
- Strive for distinction through excellence;
- Are highly optimistic;
- Favor challenges of medium risk.

Entrepreneurship is sometimes categorized among the factors of production, along with land/natural resources, labor and capital. An entrepreneur combines these to manufacture goods or provide services. He or she typically creates a business plan, hires labor, acquires resources and financing, and provides leadership and management for the business.

Entrepreneurs commonly face many obstacles when building their companies. Given the riskiness of a new venture, the acquisition of capital funding is particularly challenging, and many entrepreneurs deal with it via bootstrapping.

While some entrepreneurs are lone players struggling to get small businesses off the ground on a shoestring, others take on partners armed with greater access to capital and other resources.

Definitions of Entrepneuership

Economists have never had a consistent definition of "entrepreneur" or "entrepreneurship" (the word "entrepreneur" comes from the French verb *entreprendre*, meaning "to undertake"). Though the concept of an entrepreneur existed and was known for centuries, the classical and neoclassical economists left entrepreneurs out of their formal models:

They assumed that perfect information would be known to fully rational actors, leaving no room for risk-taking or discovery. It wasn't until the middle of the 20th century that economists seriously attempted to incorporate entrepreneurship into their models.

Three thinkers were central to the inclusion of entrepreneurs: Joseph Schumpeter, Frank Knight and Israel Kirzner. Schumpeter suggested that entrepreneurs – not just companies – were responsible for the creation of new things in the search of profit. Knight focused on entrepreneurs as the bearers of uncertainty and believed they were responsible for risk premiums in financial markets. Kirzner thought of entrepreneurship as a process that led to discovery.

Characteristics of an Entrepreneur

The most important characteristics of an entrepreneur is his achievement motivation. All other characteristics emanate from achievement motivation. successful entrepreneurs are action-oriented, they have the ability to visualize the steps from idea to actualization. An entrepreneur is a job-giver and not a job –seeker. That means he is his own boss. the characteristics which make him his own boss are given below:

- a) Strong achievement orientation
- b) Unwavering determination and commitment
- c) Self-reliance and independence.
- d) Hunger for success
- e) Self-confidence and self –faith
- f) Sustained enthusiasm
- g) Single-mindedness
- h) Strong reality orientation.
- i) Willingness to accept responsibility
- j) Courage

- k) Ability to survive defeat
- l) Become wealthy and stay humble

An entrepreneur is a highly achievement oriented, enthusiastic and energetic individual. The characteristics of an entrepreneur may be briefly stated as follows:

1. Mental ability
2. Clear-cut objectives
3. Capacity to guard business secrets
4. Capacity to interact with people
5. Effective communication
6. Technical expertise
7. Self-confidence
8. Initiative and drive
9. Motivator
10. Decision-maker
11. Energy
12. Risk-bearing

Role of an Entrepreneur

Economy

Entrepreneurs occupy a central position in a market economy. For it's the entrepreneurs who serve as the spark plug in the economy's engine, activating and stimulating all economic activity. The economic success of nations worldwide is the result of encouraging and rewarding the entrepreneurial instinct.

Growth and opportunities

A society is prosperous only to the degree to which it rewards and encourages entrepreneurial activity because it is the entrepreneurs and their activities that are the critical determinant of the level of success, prosperity, growth and opportunity in any economy. The most dynamic societies in the world are the ones that have the most entrepreneurs, plus the economic and legal structure to encourage and motivate entrepreneurs to greater activities.

Risk Assumption

It is the entrepreneur who undertakes the risk of the enterprise in search of profit and who seeks opportunities to profit by satisfying as yet unsatisfied needs. Entrepreneurs seek disequilibrium--a gap between the wants and needs of customers and the products and services that are currently available. The entrepreneur then brings together the factors of production necessary to produce, offer and sell desired products and services.

Business Decision Making function

They invest and risk their money--and other people's money--to produce a product or service that can be sold at a profit. Entrepreneurs are optimistic and future oriented; they believe that success is possible and are willing to risk their resources in the pursuit of profit. They're fast moving, willing to try many different strategies to achieve their goals of profits. And they're flexible, willing to change quickly when they get new information.

Managerial Function

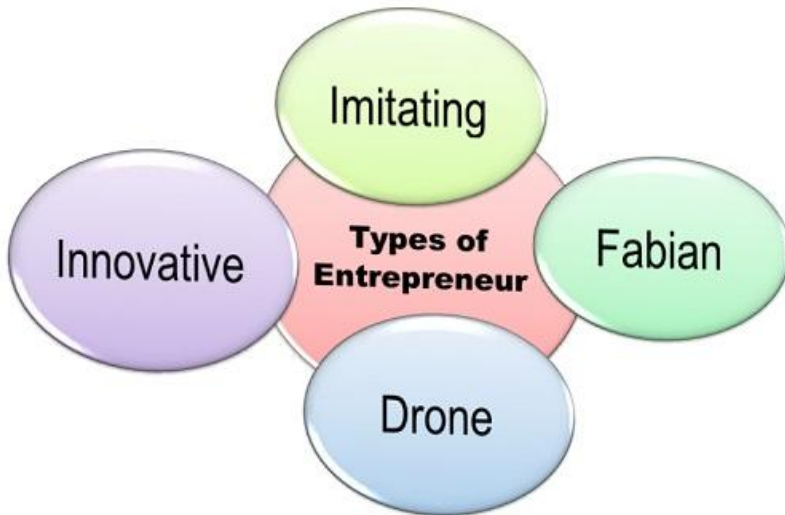
Entrepreneurs are skilled at selling against the competition by creating perceptions of difference and uniqueness in their products and services. They continually seek out customer needs that the competition is not satisfying and find ways to offer their products and services in such a way that what they're offering is more attractive than anything else available.

Innovation

Entrepreneurs are a national treasure, and should be protected, nourished, encouraged and rewarded as much as possible. They create all wealth, all jobs, all opportunities, and all prosperity in the nation. They're the most important people in a market economy--and there are never enough of them.

Types of Entrepreneuers

There are four types of entrepreneurs, classified on the basis of their willingness to create and accept the innovative ideas.



Innovative Entrepreneur: These are the ones who invent the new ideas, new products, new production methods or processes, discover potential markets and reorganize the company's structure. These are the industry leaders and contributes significantly towards the economic development of the country. The innovative entrepreneurs have an unusual foresight to recognize the demand for goods and services.

Imitating Entrepreneurs: The imitating entrepreneurs are those who immediately copy the new inventions made by the innovative entrepreneurs. These do not make any innovations by themselves; they just imitate the technology, processes, methods pioneered by others.

Fabian Entrepreneurs: These types of entrepreneurs are skeptical about the changes to be made in the organization. They do not initiate any inventions but follow only after they are satisfied with its success rate. They wait for some time before the innovation becomes well tested by others and do not result in a huge loss due to its failure.

Drone Entrepreneurs: These entrepreneurs are reluctant to change since they are very conservative and do not want to make any changes in the organization. They are happy with their present mode

of business and do not want to change even if they are suffering the losses.

Thus, this classification is done on the basis of the willingness of an entrepreneur to create and accept the innovative ideas.

Strategies of Entrepreneurs

Strategies that entrepreneurs may use include:

- Innovation of new products, services or processes
- Continuous process improvement (CPI)
- Exploration of new business models
- Use of technology
- Use of business intelligence
- Use of economical strategics
- Development of future products and services
- Optimized talent management

Five ways to entrepreneurs contribution for sustainable economy

Entrepreneur's contribution to the economy is of immense value. He or she is indispensable to the economic growth of the country. His or her products are valuable to the overall development of the society. People need their products. They simply cannot do without them. Ours is a consumer society now. Even in the developing countries consumerism is gaining ground. Developed countries anyway thrive on consumerism. Naturally, the role of an entrepreneur is of much significance in generating products valuable for the comforts and luxurious living of the people of a particular country.

An economy is much dependent upon the performance level of its entrepreneur. He or she plays a vital role in the growth of the national income as well as raising the per capita income of the people.

How does an entrepreneur stimulate the economy?

Investment – Then entrepreneur has to invest in what is required for the economy. Economic progress will much depend upon his or her contributions. Any entrepreneur will invest in products and services which the people need. His or investment will ensure a better life for the people. More goods and services will be at their disposal.

Employment – An entrepreneur by setting up various businesses and establishments is generating employment in the economy. People need jobs. This is a major contribution that an employer can make to provide income to an employee who can meet his or her needs.

Diversity in products and services – An entrepreneur can provide various types of goods and services to the consumer. The latter has much to choose from. A consumer after all would like to have a good bargain, and if his or her choices are more than he or she can get these products or services at reasonable rates. Also personal desires are met if there are products and services to choose from. A person may like a particular type of tie and he can perhaps locate it in his local market. His desire to purchase a tie of his choice is thus met.

International trade – An entrepreneur promotes international trade by selling his or her products abroad. Any entrepreneur would like a wider market. If there are more consumers to purchase his or her products, the higher his profits.

Contributes to gross national product – An entrepreneur makes much contribution to the national exchequer and to the national economy as whole. The GNP of the country is calculated based upon the total number of products and services available in a respective country. The more products and services available the higher the GNP. It indicates the economic prosperity of the country.

The entrepreneur is essential for the economic development of a country. The progress of a country will depend upon his skill and talent as well as hard work to deliver necessary goods and services required by the citizens of his or her country.

Entrepreneurship and Economic Growth **Economists' View**

The position of the entrepreneur in modern production is like that of the director of a play. Modern economic development is closely linked with production. Modern production is highly complex. The entrepreneur directs production and he must do whatever is necessary for its success. His role in modern economic development has at least three aspects.

- (a) The entrepreneur co-ordinates the other factors of production. This involves not only assembling the factors, but also

to see that the best combination of factors is made available for the production process.

- (b) The entrepreneur takes risk. In Hawtrey's view this is the most important function of the entrepreneur and the quantum of profit he receives is directly proportionate to the risks he takes.
- (c) Finally, the entrepreneur innovates. Innovation is different from invention. Invention is the work of scientists. Innovation implies the commercial application of an invention. As an innovator the entrepreneur assumes the role of a pioneer and an industrial leader.

Modern economists tend to agree with the view expressed by Schumpeter. Since the process of economic development is characterised by the presence of discontinuous disturbance, economists tend to agree to the view that this disturbance comes in the form of innovation. The entrepreneur can undertake any type of the following five categories of innovation.

- (a) The introduction of a new good or a new quality of a good
- (b) The introduction of a new method of production
- (c) The opening of a new market
- (d) The conquest of a new source of supply of raw materials.
- (e) The carrying out of a new organisation of any industry.

Micro, Small and Medium Enterprises

The idea that entrepreneurship and economic growth are very closely and positively linked together has undoubtedly made its way since long. To quote Adam Smith, when the division of labour increases, so will economic development. An increase in the number of entrepreneurs leads to an increase in economic growth. This effect is a result of the concrete expression of their skills, and more precisely, their propensity to innovate. Entrepreneurship is a key indicator of economic development of any country. As more and more of the population becomes involved in opportunity entrepreneurship and as more and more people relieve necessity entrepreneurship the more we see rising levels of economic development. In other terms, the "driving force of the market". Entrepreneurs create new businesses, and new businesses in turn create jobs, intensify

competition, and may even increase productivity through technological change. High measured levels of entrepreneurship will thus translate directly into high levels of economic growth.

Micro, small and medium enterprises (MSME) is the engine of economic development in emerging economies like India. MSMEs are generally characterized as being skill oriented, low capital, resource based and local market ambitious enterprises. MSMEs open the new opportunities for the employment growth, economic development, and provide new dimension to the country's economy. This sector plays an important role especially relating to poverty alleviation and improving living standard, utilization of the available human and other resources for the development of the economy and thereby leading to individual growth, social growth and national growth. As MSME play a vital role in economic development, since independence high priority was given to support and make these enterprises vibrant. Assistance and support was provided in terms of production, upgrading technology and policy measures to stabilize the enterprises taking into consideration its role in economic development.

Qualities of an Entrepreneur

Successful business people 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 endeavors 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.

UNIT II

IDENTIFICATION OF OPPORTUNITIES

Identifying a business opportunity

An entrepreneur is said to be an opportunity seeker. For the potential entrepreneur his/her first task is to identify, explore and then select an attractive business opportunity.

Defining “opportunity”

In simple terms, opportunity may be defined as an attractive project idea which an entrepreneur accepts as a basis for his investment decision.

A mere “possibility” is to be distinguished from business “opportunity”. Good business ideas must be capable of being converted into feasible projects.

Therefore, two major ingredients of a business opportunity need to be highlighted: (1) good market scope, i.e., gap between present or likely demand and supply; (2) an attractive/ acceptable return on investment.

Apart from these two criteria, a business opportunity needs to be analysed from other view points for its viability such as technical, production, commercial and managerial. These criteria are interlinked and a decision about one, affects others.

Preliminary Evaluation

The entrepreneur has to prepare a list of investment opportunities identified from various sources. These project ideas are analysed by taking into account government regulations for finalizing a set of feasible investment opportunities. As such a project idea cannot be appraised in detail, the investment opportunities are evaluated against a set of specific criteria to select those project ideas which are commercially feasible.

These criteria are:

- (1) Is it compatible with the promoter?
- (2) Is it compatible with government regulations and priorities?
- (3) Whether raw materials are easily available?

- (4) What is the size of potential market?
- (5) Whether the cost justifies the project?
- (6) What is the risk inherent in the project?
- (1) **compatible with the promoter** : The entrepreneur must ensure that the project undertaken should be compatible with the financial and human resources available at his disposal.
- (2) **Compatible with Government Regulations and Priorities:** The project undertaken by the entrepreneur should not violate government regulations and priorities.
- (3) **Availability of Raw Materials:**The availability of raw materials and the cost of obtaining raw materials are also important factors to be taken into account in selecting the project.
- (4) **Potential Market:** existing and potential demand in the domestic and export markets, consumption trends,nature of competition, competitors market shares, availability of substitutes, barriers and the possibility of entry of substitutes and technological developments taking place in the industry.
- (5) **Cost of the project:**the cost of the project should be reasonable in the sense that a desired profit margin can be realized from a competitive price.
- (6) **Risk inherent in the project:** Every project is subject to risks such as changes in demand, technological developments,entry of substitutes,competition and cyclical/ seasonal variations .
“Business Entrepreneurs”, special supplement to “The Week”, has given the following tips regarding selection and marketing of a product or service.

Steps in Setting up a Business

There are still some fundamental steps that any business needs to follow to get started.

Step 1 – Write a Business Plan

Step 2 – Get Help and Training

Step 3 – Choose Your Business Location

Step 4 - Understand your Financing Options

Step 5 – Decide on a Business Structure

Step 6 – Register Your Business Name (“Doing Business As”)

Step 7 – Get a Tax ID

- Step 8 – Register with Tax Authorities
- Step 9 - Apply for Permits and Licenses
- Step 10 - Hiring Employees.

Setting up a Small Scale Unit

Introduction

A small scale unit is normally a one-man show and even in the case of a partnership the activities are mainly carried out by the active partner and the rest are sleeping partners. The area of operation of small units is localized, catering to the local or regional demand. Small industries are fairly intensive with comparatively smaller capital investment than the larger units. Therefore, these units are more suited for economics where capital is scarce, and there is an abundant supply of labor. The Ministry of Small Scale Industries has now merged with the Ministry of Agro and Rural Industries to form the Ministry of Micro, Small, and Medium Enterprises (MSME).

Procedures for Setting up of a Small Scale Business

Small Scale Business provides more independence than the large scale business and through this type of business one can fulfill their dream to become an entrepreneur. It eliminates much of the overhead expense and extensive planning required in larger business ventures. One can set up small-scale industries by following the simple procedures, which are as follows.

The Procedure for setting-up a small scale industrial unit is given below:

- Selection of product and preparation of project profiles
- Direct purchase of land or obtaining land in development Area/ development plot or obtaining shed in the industrial estates or mini industrial estates.
- Registration in case of formation of company /partnership concern.
- Agreement with foreign collaborator, if any
- Obtaining letter of intent/DGTD Registration/provisional SSI registration as the case may be.

- Obtaining foreign collaboration approval from government of India.
- Preparation of detailed project report.
- Obtaining CG clearance, import license etc.
- Applying for power connection to kerala state Electricity Board.
- Sanction by financial Institutions- state of civil construction after obtaining clearances from local authority and other statutory organisations.
- Opening letter of credit for imported machinery and equipments, if any.
- Selection of personnel – administrative and technical for running the industry
- Placement of orders for supply of indigeneous machinery
- Completion of civil works.
- Delivery of imported equipments.
- Delivery of indigenous equipments.
- Erection of machinery and equipments.
- Obtaining clearance from pollution control board.
- Trial run and commissioning of plant
- Start of commercial production
- Arrangements for sale of products.
- Obtain industrial licence/DGTD Re-validation/permanent SSI Registration.

Decision Making: First of all, you need to prepare the description for the small scale industry you want to set up. It is necessary to decide whether you wish to set up a corporation, proprietorship or partnership.

Scanning of Business Environment: Before setting up your industry, it is always essential to study and understand the prevailing business environment in which they operate particularly the industrial policy, economic policy, licensing policy, legal environment, and technological environment.

Product Selection: You need to decide the product you wish to manufacture or the service you wish to offer. While choosing the

product or service you want to offer, you must conduct a good market research and learn about the prevailing competition in the market.

Location: You need to choose a location to set up your small scale industry. While choosing the location such factors such as nearness to market, sources of material availability of raw materials, labor, transportation services, modern infrastructural facilities and other things are considered.

Technology: To manufacture any item, technology is used. The entrepreneur should collect information on all available technologies, and the most suitable one should be identified.

Project: Project appraisal means the assessment of a project. It is a technique for ex-ante analysis of a scheme or project while preparing to set up an enterprise; the entrepreneur has to appraise the project carefully from the standpoint of economic, financial, technical, market, social and managerial aspects to arrive at the most socially-feasible enterprise.

Finance: Finance is the lifeblood of the enterprise. So, the next big step is to arrange for finance. No business can be created, with zero capital. If you don't have enough finance and then the best way is to borrow or take a loan.

Provisional Registration: It is always worthwhile to get the unit registered with the government. The entrepreneur has to obtain the prescribed application from DIC or Directorate of Industries.

Production Management: Production management is the next step, once you can start your small scale industry. This includes allocating space for different operations and choosing your production methods.

Power and Water Connection: The sites where the enterprise will be located should either have adequate power connections, or it should be arranged. The entrepreneur can calculate the total power requirement and determine the nearest pole from which power will be given to the enterprise, as it can materially affect the installation cost.

Installation of Machinery: Once the above formalities have been completed; the next step is to procure machinery and begin its installation as per the plant layout.

Insurance: It is necessary to have adequate insurance for fixed assets at this stage and later on for the current assets as well.

Recruitment of Manpower: Once machines are installed, the need for manpower arises to run them. So, the quantum and type of manpower are to be decided. The sources of getting desired labor are also important. This follows the recruitment, training, and placement.

Production: The unit established should have an organizational set-up. To operate optimally, the organization should employ its manpower, machinery, and methods effectively.

Marketing: Marketing is the most important activity as far as the entrepreneurial development is concerned. Marketing and business advertising form the next big step of setting up a small scale industry.

Quality Assurance: Before marketing, the product quality certification from BIS (Bureau of Indian Standard)/AGMARK/HALLMARK, etc., should be obtained depending upon the product.

Permanent Registration: After the small scale unit goes into production and marketing, it becomes eligible to get permanent registration based on its provisional registration from the DIC or Directorate of Industries.

Market Research: Once the product or service is introduced in the market, there is strong need for continuous market research to assess needs and areas for modification, up gradation and growth.

Monitoring: Periodical monitoring and evaluation not only of markets but also production, quality, and profitability help in knowing where the firm stands in comparison to performance envisaged in the business plan.

Conclusion

It can be concluded that setting up small scale industries is not a difficult task. The procedure of small scale industries is simple and easy than the large scale industries. So, if one wants to set up an industry, one can surely go for it. It is profitable, easier and helps in the growth of the economy of the country.

UNIT III

INSTITUTIONAL ARRANGEMENT FOR ENTREPRENEURSHIP DEVELOPMENT INSTITUTIONAL SUPPORT SYSTEM

The emergence of Entrepreneurship in a society depends on several influencing factors. The most important among them are considered to be the individual, environment, Socio-economic support system and institutional setup. The environment and the institutional setup are considered to be exerting direct influence on entrepreneurship. The support system and institutional setup would include Entrepreneurship Development Organizations, extension, research and consultancy services as well as large industrial units interested in developing ancillary industries. An attempt is made here to give a bird's eye view of Entrepreneurship Development Organisations in India and the State of Karnataka.

Following are the main division of promotional agencies which are engaged in development of Entrepreneurship in India.

- Government Agencies at *State* Level
- Government Agencies at National Level
- Non-Government Organisations (NGOs)

Governmental Agencies at State Level

Gujarath is first state in India which spontaneously responded to the development of Entrepreneurship in the country. In Karnataka, some important institutes which are playing that crucial role in the development of Entrepreneurship.

1. Center for Entrepreneurship Development of Karnataka (CEDOK)
2. District Industries Centre (DIC)
3. Karnataka State Industrial Investment and Development Corporation Limited (KSIIDC)
5. Karnataka Industrial Area Development Board (KIADB)
6. Karnataka State Small Industries Development Corporation (KSSIDC)

7. Karnataka State Financial Corporation (KSFC)
8. Technical Consultancy Services Organization of Karnataka (TECSOK)
9. Karnataka State Coir Development Corporation Limited (KSCDC)
10. Karnataka State Handicrafts Development Corporation (KSHDC)
11. Karnataka Khadi and Village Industries Commission (KKVIC)
12. Karnataka Leather Industries Development Corporation (LIDKAR)
13. Institutional Setup for Women Entrepreneurship in Karnataka.

Governmental Agencies at National Level

1. State Bank of India (SBI)
2. Entrepreneurship Development Institute of India (EDII).
3. National Institute for Entrepreneurship and Small Business Development (NIESBUD)
5. Institute of Entrepreneurship Development (IED).
6. Indian Institute of Entrepreneurship (HE).
7. Science and Technology Entrepreneurship Parks (STEPs)
8. National Alliance of Young Entrepreneurs (NAYE).
9. Technical Consultancy Organizations (TCOs)
10. National Small Industries Corporation (NSIC)
11. Development Corporations like IDBI, ICICI, IFCI etc.
12. Small Industry Development Organization (SIDO)
13. Small Industries Service Institute (SISI)
14. National Research Development Corporation of India.
15. Small Industry Development Bank of India.
16. National SC/ST Finance and Development Corporation (NSFDC)
17. Lead Banks, Commercial Banks.
18. Life Insurance Corporation of India.
19. Unit Trust of India.
20. National Bank for Agricultural and Rural Development (NABARD).

Non-Government Organizations (NGOs)

The following are some NGOs playing their role for the development of Entrepreneurship in the Country.

1. Rural Development and self-employment Training Institute (RUDSETI), Chitradurga.
2. Self Employed Women's Association (SEWA)

Along with the above, some Entrepreneurial Development Schemes declared by the government from time to time are also playing an important role for the increasing entrepreneurship among the country. They are

1. PMRY (Prime Minister's RozgarYojana) for Urban Micro Entrepreneurs
2. JawaharRozgarYojana
3. WalmikiAmbedkarYojana etc.

DIC

The district industries centers (DICs) programme was started on may 8,1978 with a view to provide integrated administrative framework at the district level for promotion of small- scale industries in rural areas.The DICs are envisaged as a single window interacting agency with the entrepreneur at the district level.

The organisational structure of DICs consists of one general Manager, four functional Managers and three project Managers to provide technical service in the area relevant to needs of district concerned.

Functions

The DICs role is mainly promotional and developmental. To attain this, they have to perform the following functions:

- To conduct industrial potential survey keeping in view the availability of resources in terms of material and human skill, infrastructure, demand for product, etc.
- To prepare an action plan to effectively implement the schemes identified.
- To guide entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its

supply and procedure for procuring imported machinery, if needed, assessing requirements for raw materials etc.

- To appraise the worthiness of the various proposals received from entrepreneurs.
- To undertake product development work appropriate to small industries.
- To conduct artisan training programmes.

ITCOT

ITCOT, formerly known as Industrial and Technical Consultancy Organization of Tamilnadu Limited, was incorporated as a company under the Companies Act, 1956, on 17th July 1979 as a joint venture of leading financial institutions, State Development Corporations, and Commercial Banks. The Registered Office of the company is located at 50-A, Greams Rd, Chennai, Tamilnadu 600 006.

Services

We offer a wide range of consultancy services such as Techno-economic feasibility studies (TEV) strategic plans, Detailed Project Reports (DPR)

market survey and research, project management,

Valuation of Assets, NPA Resolution, Lenders Engineers, project evaluation restructuring, skill upgradation programmes. We organize seminars, training programs and industry meets on current topics of interest to disseminate knowledge to enterprises and entrepreneurs. Our services are offered to corporate, small and medium enterprises, individual entrepreneurs, public sector undertakings, banks, financial institutions, cooperatives and governments.

SIDCO

Tamilnadu Small Industries Development Corporation Limited (SIDCO) has been set up by the Govt. of Tamilnadu, with the specific objective of playing a catalytic role in the promotion and development of Small Scale Industries and to hasten the Industrial dispersal in backward and underdeveloped areas of the State.

The prime function of SIDCO is the formation of potential growth centers in various parts of Tamil Nadu. SIDCO commenced activities

in 1971 with a comprehensive promotional Programme designed to stimulate entrepreneurship. Ever since, SIDCO has been synonymous with the growth of Small Scale Industries in Tamilnadu.

Need for Small Industries Development Corporation (SIDCO)

In many state governments, for the promotion of small scale industries, a separate corporation has been set up which is known as Small Industries Development Corporation. They undertake all kinds of activities for the promotion of small scale industries. Right from the stage of installation, to the stage of commencing production, these Corporations help small scale industries (SSI) in many ways.

In short, they provide infrastructure facilities to small scale industries. Due to the assistance provided by SIDCO, many backward areas in most of the states have been developed. So, SIDCO has also been responsible in spreading the industrial activity throughout several states.

Objectives of SIDCO

The following are the main objectives of SIDCO

1. The main objective of SIDCO is to stimulate the growth of industries in the small scale sector
2. To provide infrastructure facilities like roads, drainage, electricity, water supply, etc is one of the primary objective of SIDCO.
3. To Promote industrial estates which will provide industrial sheds of different sizes with all basic infrastructure facilities.
4. To Provide technical assistance through training facilities to the entrepreneurs.
5. To Promote skilled labor through the setting up of industrial training institutes.

Functions of SIDCO

SIDCO Supplies Scarce Raw Materials

Some of the scarce raw materials are procured by the corporation either from the domestic market or from abroad and are provided to the needy small scale industries. For this purpose, SIDCO has a number of raw material depots and these depots are procuring

various scarce raw materials, as per the requirements of small scale industries in the state.

SIDCO Provides Marketing Assistance

In order to provide an efficient marketing support to small scale industries, the corporation has taken up various schemes. In fact, the corporation participates in the tenders floated by the state government departments and also with the DGS & D (Director General of Supplies and Disposal).

SIDCO Assists in Bills Discounting

When small scale units supply goods to government departments, there is a delay in receiving payments. In such a situation, the bills drawn on government departments will be discounted by SIDCO and upto 80% of the bill value is given to the supplier. This helps the SSI units in solving their working capital crisis.

SIDCO Provides Export Marketing Assistance

To promote export marketing among the small scale industries, SIDCO has developed websites because of which it is able to display the products of the small scale industries in foreign markets and obtain export orders. Once an export order is obtained, the Common export manager of SIDCO will make arrangements for extending various services for export of the product.

SIDCO Set up Captive Power Plants

In order to provide uninterrupted and good quality power supply, SIDCO has taken up a plan to set up captive power plants in major industrial estates. It is now planning to set up these plants in 10 industrial estates.

SIDCO Promotes Skill Development Centres

In an effort to supply skilled laborers to various small scale industries, skill development centres are being set up in various industrial estates which will be training workers in varied industrial activities and they will be trained in modern skill.

SIDCO Promotes Women Entrepreneurs

In addition to the above, in order to promote women entrepreneurs, a separate industrial estate for women has been set up at Tirumullaivoyal, near Chennai, where women entrepreneurs are trained in various fields of small scale industries.

In addition to SIDCO, there are various corporations that assist in the promotion of small scale industries such as, Small Industries Promotion Corporation of Tamilnadu (SIPCOT), Tamilnadu Small Industries Corporation (TANSI), Industrial and Technical Consultancy Organisation of Tamilnadu (ITCOT) and Tamilnadu Industries Investment Corporation (TIIC).

NSIC

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

- To provide machinery on hire – purchase scheme to small scale industries.
- To provide equipment leasing facility.
- To help in export marketing of the products of small scale industries.
- To participate in bulk purchase programme of the government.
- To setup small scale industries in other developing countries on turn-key basis.
- To undertake the construction of industrial estates.

SISI

The small industries services Institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs—both existing and prospective. The activities of SISIs are coordinated by the Industrial Management training Division of the DCSSI's office. There are 28 SISIs set up in state capital and other places all over the country.

- To serve as interface between central and state governments
- To render technical support services.
- To conduct entrepreneurship development programmes.
- To initiate promotional programmes.

The SISIs also render assistance in the following areas:

- a) Economic consultancy/ information/EDP Consultancy.
- b) Trade and market informations
- c) Project profiles
- d) State industrial potential survey
- e) District industrial survey

TIIC

The Tamil Nadu Industrial Investment Corporation Limited (TIIC) Limited is an institution owned by the government of Tamil Nadu and is intended as a catalyst for the development of small, medium and large scale industries in Tamil Nadu. It was established in 1949.

Functions

TIIC as a State Level Financial Institution, offers long and medium term financial assistance to various industries including service sector in the following forms:

- Term Loans
- Term Loan and Working Capital Term Loans under the Single Window Scheme.
- Special types of assistance like Bill Financing Scheme, etc.

SIDBI

The SIDBI was established as a wholly owned subsidiary of Industrial Development Bank of India (IDBI) under a special Act of the Parliament 1988 and started its operations on April 2, 1990. It took over the responsibility of administering Small Industries Development Fund and National Equity Fund which were earlier administered by IDBI. It is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities.

Functions of SIDBI

1. SIDBI refinances loans extended by the primary lending institutions to small scale industrial units, and also provides resources support to them.
2. SIDBI discounts and rediscounts bills arising from sale of machinery to or manufactured by industrial units in the small scale sector.
3. To expand the channels for marketing the products of Small Scale Industries (SSI) sector in domestic and international markets.
4. It provides services like leasing, factoring etc. to industrial concerns in the small scale sector.
5. To promote employment oriented industries especially in semi-urban areas to create more employment opportunities and thereby checking migration of people to urban areas.
6. To initiate steps for technological up-gradation and modernisation of existing units.
7. SIDBI facilitates timely flow of credit for both term loans and working capital to SSI in collaboration with commercial banks.
8. SIDBI Co-Promotes state level venture funds in association with respective state government.
9. It grants direct assistance and refinance loans extended by primary lending institutions for financing exports of products manufactured by small scale units.

Commercial Banks

A commercial bank is a type of financial institution that accepts deposits; offers checking account services; makes business, personal and mortgage loans; and offers basic financial products like certificates of deposit (CDs) and savings accounts to individuals and small businesses. A commercial bank is where most people do their banking, as opposed to an investment bank.

Important Role of Commercial Bank

1. Mobilising Saving for Capital Formation

The commercial banks help in mobilising savings through network of branch banking. People in developing countries have low incomes but the banks induce them to save by introducing variety of deposit schemes to suit the needs of individual depositors.

2. Financing Industry

The commercial banks finance the industrial sector in a number of ways. They provide short-term, medium-term and long-term loans to industry. In India they provide short-term loans. In India, the commercial banks undertake short-term and medium-term financing of small scale industries, and also provide hire- purchase finance.

3. Financing Trade

The commercial banks help in financing both internal and external trade. The banks provide loans to retailers and wholesalers to stock goods in which they deal. They also help in the movement of goods from one place to another by providing all types of facilities such as discounting and accepting bills of exchange, providing overdraft facilities, issuing drafts, etc.

4. Financing Agriculture

The commercial banks help the large agricultural sector in developing countries in a number of ways. They provide loans to traders in agricultural commodities. They open a network of branches in rural areas to provide agricultural credit.

5. Financing Consumer Activities

People in underdeveloped countries being poor and having low incomes do not possess sufficient financial resources to buy durable consumer goods. The commercial banks advance loans to consumers for the purchase of such items as houses, scooters, fans, refrigerators, etc.

UNIT IV

PROJECT REPORT

Introduction

A project report is a synchronization and synthesis of relevant data in respect of a project which serve as a guide to management and record merits and demerits in allocating resources to production of specific goods or services. A project report is prepared for analyzing the form of opportunities in the contemplated project.

A project report is prepared by an expert after detailed study and analysis of the various aspects of a project. It gives a complete analysis of the inputs and outputs of the project. It gives a complete analysis of the inputs and outputs of the project it enables the entrepreneur to understand, at the initial stage, whether the project is sound on technical, commercial, financial and economic parameters.

Scope

Project report includes information on economic, technical, financial, managerial and production aspects.

1. Economic aspects

The project report should not be able to present economic justification for investment. It should present analysis of the market for the product to be manufactured. Market analysis is basically an exercise in answering three questions, viz., (a) How big is the present market? (b) How much is it likely to grow, if at all? (c) how much of the future market the contemplated project can capture after allowing a margin for future entrants? It provides an analysis of the economics of production

2. Technical Aspects

The project report should give details about the technology needed, equipment's and machinery required and the sources of availability of plant and machinery.

3. Financial aspects

The report should indicate the total investment required. It should also highlight the sources of finance and the entrepreneur's contribution. It should present a comparison of cost capital with the return on capital.

4. Production aspects

It should contain a description of the product selected for manufacture and the reasons for such selection. The report should also bring out the fact whether the product is exportworthy. It should also give details of the design of the product. The design cell of the SISI helps the entrepreneur in adopting a suitable design of the product.

5. Managerial aspects

The report should contain qualifications and experience of the persons to be put on the management of job. If the entrepreneur will look after management, the report must emphasise as to how he is qualified to manage the venture.

Project Identification

The very foundation of an enterprise is the project. The success or failure of an enterprise depends on the project. Hence, the project is of crucial importance to the entrepreneur. The dictionary meaning of project is an idea or plan that is intended to be carried out in the future or that is being carried at present.

Meaning

Project identification is the difficult task faced by an entrepreneur. He comes across several investment opportunities. In the first instance he has to select a few projects which have been subjected to preliminary evaluation.

Definition

Project identification is the first step of any project cycle. Entrepreneurs need to identify and zero in on a project that suits their requirements and can help them attain their goals before spending significant time and resources on a project.

According to Peter F. Drucker, opportunities are of three kinds: additive, complementary and breakthrough. Additive opportunity is concerned with utilizing the existing resources without making any change. Complementary opportunity results in introduction of new ideas and involves change. Break through involves drastic and fundamental changes in the existing business.

Steps in project identification

For identifying the feasible projects, the prospective entrepreneur has to go through following steps.

Conceiving project ideas

This is the first important stage in project identification. Profit making is the chief drive behind every business/ enterprise. Therefore the prospective entrepreneur has to search for a sound business idea which can generate reasonable profit for him.

Conceiving the project idea is mental process supported by certain virtues like curiosity, initiative, vision and courage.

The project idea could emerge from one or more of the following sources.

1. Success stories of friends, relatives and other entrepreneurs.
2. increasing demand for certain products in home market and foreign markets where price advantage could be obtained.
3. visit to trade fairs and exhibitions
4. study on demand supply imbalance.
5. government's industrial, import-export policies and the policies for development of backward area
6. survey reports, books, periodicals, news papers
7. birth of novel product/technology

Choosing the right line of business

The second important step in project identification is choosing the right line of business

1. Study the environment/ marketability of the product/ service.
2. Nature, extent, trend of demand for the product or service proposed to be manufactured/ rendered

3. Extent and intensity of competition in proposed area of business
4. Access to the market
5. Future prospects for growth in demand
6. Estimated size of market.

At this stage, the entrepreneur may consult the experts in various issues related to choosing the right line of business.

Opportunity seeking

An entrepreneur is basically an opportunity seeker. A number of business opportunities may be available, however, seeking the right business opportunity depends upon the entrepreneur's capabilities, his strengths and weaknesses and also on his preferences.

1. Environment Exploration

This means the study of different environmental factors. The study of demographic environment includes the in-depth study of growth rate of population, age – composition, sex-composition, occupational-pattern, and income-composition etc.

2. Present business exploration

This relates to the study of emerging trends in the pattern of trading and consumption and the pattern of demand.

3. Technology exploration

It is the study of new business opportunities created by change in technology. For example, in the case of the printing industry, the traditional system of printing has gone and computer-based multi-colour printing opportunities have emerged as a result of the impact of technological advancement.

4. Idea exploration

Business ideas are related to different factors. The exploration of ideas may relate to--

- Growth related ideas
- Resource – related ideas
- Import –export related ideas
- Services – sector related ideas

Decision – making process

This final step in project identification involves making important decisions regarding the project to be undertaken. While taking decisions, the prospective entrepreneur has to go through following steps.

1. Selection of broad industry group

First of all, the entrepreneur has to decide as to which industry he intends to enter in. i.e. textile industry, sugar industry, automobile industry, cement industry etc.

2. Selection of specific project

After having finalized the industry group, the entrepreneur has to decide the size of the project, its capital investment, availability of possible financial assistance etc.

3. Final Decision

The entrepreneur takes the final decision as regards project after testing its commercial viability. For gauging the commercial viability of the project, the entrepreneur has to test its market feasibility

Contents of a project report

The project report should contain the following essential details:

1. General information

Bio-data of promoters, industry/product profile, organizational structure, product details.

2. Land

Location- locational advantages, lease or free hold- actual requirements-value-type of soil hard or loose or marshy.

3. Building

Plinth area, type of construction, cost of construction –separate for administrative blocks and factory – detailed plan and estimate along with plant layout

4. Plant and Machinery

List of machinery with full description and source of supply and costs. a layout plan of the machinery according to the process- cost of miscellaneous assets.

5. Manufacturing process and technical know how.

6. Effluent disposal

7. Utilities

Power-source,availability,requirements and cost estimates of electrification and contribution to KSEB.

Water – source, availability,requirements,and cost of arranging the same.

8. Transport : mode of transport, cost of internal roads

9. Communication: telecommunication, feasibility of getting – cost.

10. Raw materials : list of raw materials, quantityrequirements, sources of supply, controlled or scarcesuppliers- arrangements made for acontinuous supply.

11. Manpower requirements with annualwage bill.

12. Products: product mix and estimated annual sales- local,through agency- distribution system – competitors and their capacities.

13. Working capital: - requirements – arrangements made with commercial banks – requirement of margin – whether there is need for collateral security.

14. cost of production and profitability.

15. Break-even analysis.

16. Projected balance sheet and cash flow for ten years.

17. Schedule of implementation of the project.

18. Repayment schedule.

A detailed treatment of the contents of a project report is given by vinodgupta in the article ‘ formulation of a project report’ , which is reproduced below:

Formulation of a Project Report

Genesis

A project report is a report which provides all the necessary information of the unit proposed to be set –up. It is required by various de velopmental agencies that help setting- up of the unit and particularly by financial institutions and banks to provide finance assistance.

Getting started

Fourtunately, in our country by now a lot of published data pertaining to feasibility of various projects is available in a ready-

made form. The small industries development organisation has brought out good literature covering various aspects of production of many items in the country.

The Directorate General of Technical Development (DGTD) also publishes statistical information for various important items. For example, they publish every year 'Guidelines for Industries' indicating those items in which enough scope exists for the creation of future capacity. With so much of ready information available, all that an entrepreneur has to do for starting an industrial unit is :

- (1) To decide the type and level of industrial activity;
- (2) To match his financial resources with the required amount;
and
- (3) Prepare a project report

Institutions like institute/ centers for entrepreneurship development, SISI, state industries development corporation help in preparation of project report and later on recommend them to the banks. Besides these institutes, several commercial banks also render assistance in this respect.

Contents

We will now briefly discuss the various factors which should be presented in a project report. However, these guidelines are meant for small scale industrial projects only and hence will not include any sophisticated technique being used for preparing project reports of large scale enterprises.

The following are broad heads under which complete information on relevant aspects should be included in the project report;

- (1) General information
- (2) Project description
- (3) Market potential
- (4) Capital costs and sources of finance
- (5) Assessment of working capital Requirements.
- (6) Other financial aspects
- (7) Economic and social variables

General Information

To begin with, some information of general nature should be provided. The following are some such aspects:

Bio-data of Promoters

- Name and address of the entrepreneur
- The qualifications, experience and other capabilities of the entrepreneur.

Industry Profile

- a little reference of analysis of industry to which the project belongs, e.g., past performance, present status, the way it is organized, the problems it faces, etc.

Constitution and Organisation

- the constitution and the organisational culture of the enterprise.
- Whether a registration certificate from the directorate of industrial district industries centre has been obtained or will be applied later on.

Product Details

- The utility of the product and the range of products to be manufactured. One could even provide the product design/drawings along with and made a mention of the advantages the proposed product offers over its substitutes.

UNIT V

WOMEN ENTREPRENEURSHIP

Women entrepreneurship has been recognized as an important source of economic growth. Women entrepreneurs create new jobs for themselves and others and also provide society with different solutions to management, organizational and business problems. However, they still represent a minority of all entrepreneurs. Women entrepreneurs often face gender-based barriers to starting and growing their businesses, like discriminatory property, matrimonial and inheritance laws and/or cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc.

Women's entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment, thus contributing to the Millennium Development Goals (MDGs). Thus, governments across the world as well as various development organizations are actively undertaking the promotion of women entrepreneurs through various schemes, incentives and promotional measures.

Factors Influencing the Women Entrepreneurs

Several studies reveal that two factors influence the women entrepreneurs in India

1. Pull Factors

Pull factors are those which encourage women to become entrepreneurs. These include desire to do something new in life, need for independence, availability of finance, concessions and subsidies.

2. Push factors

Push factors are those which compel women to become entrepreneurs. These include unfortunate family circumstances like death of husband or father, financial difficulties, responsibility in the family etc..

Types of women entrepreneurs

1. Chance entrepreneur

These entrepreneurs start business without any preparation, clear goals or plans. They happen to grab the opportunities which they come across.

2. Natural entrepreneurs

The entrepreneurs take business as a profession on their own by self-planning or motivated through profit factor and also keeping themselves busy.

3. Created entrepreneurs

These entrepreneurs are encouraged and trained through specialized training programmes to set up their own industrial units.

4. Forced entrepreneurs

The women who are compelled by circumstances such as the death of father or husband to takeover the existing business are called forced entrepreneurs.

5. Benami entrepreneurs

Those who act as façade for business of their husband or brother.

Functions and role of women entrepreneurs

According to Fredrick Habrison, like a male entrepreneur, a woman entrepreneur has five functions:

1. Explore the prospects of starting new enterprises.
2. Undertaking of risks and the handling of economic and non-economic uncertainties.
3. Introduction of new innovations or imitation of successful ones in existence.
4. Co-ordination, administration and control.
5. Supervision and providing leadership in all aspects of the business.
6. These functions are not always of equal importance. Risk taking and innovation are paramount for establishing or diversifying an enterprise, coordination and supervision become increasingly important in improving the efficiency in the operation of the undertaking. Generally it is found that the same lady performs all these functions.

Modern writers have pointed out that women entrepreneurs are generally seen to undertake three types of industrial enterprises:

1. Operate purely as a sub-contractor on the raw materials provided by the customer.
2. Manufacture items that are usually used by large scale units.
3. Manufacture of consumer products which are directly sold in the market.

The first two types of enterprises are known as ancillary industries. However, women entrepreneurs seem to prefer the production of those goods which have a direct sale in the market

Policies and Schemes for Women Entrepreneurs in India

In India, the Micro, Small & Medium Enterprises development organizations, various State Small Industries Development Corporations, the nationalized banks and even NGOs are conducting various programs, including Entrepreneurship Development Programs (EDPs) to cater to the needs of potential women entrepreneurs, who may not have the adequate educational background and skills. The Office of DC (MSME) has also opened a Women Cell to provide coordination and assistance to women entrepreneurs facing problems.

There are also several other schemes of the government at central and state level, which provide assistance in setting up training-cum-income generating activities for needy women to make them economically independent. Small Industries Development Bank of India (SIDBI) has also implemented special schemes for women entrepreneurs.

In addition to the special schemes for women entrepreneurs, various government schemes for MSMEs also provide certain special incentives and concessions for women entrepreneurs. For instance, under **Prime Minister's Rozgar Yojana (PMRY)**, preference is given to women beneficiaries. The government has also made several relaxations for women to facilitate the participation of women beneficiaries in this scheme. Similarly, under the **MSE Cluster Development Program** by Ministry of MSME, the contribution from the Ministry of MSME varies between 30-80% of the total project in case of hard intervention, but in the case of clusters owned and

managed by women entrepreneurs, the contribution of the M/o MSME could be up to 90% of the project cost. Similarly, under the **Credit Guarantee Fund Scheme for Micro and Small Enterprises**, the guarantee cover is generally available up to 75% of the loans extended; however the extent of guarantee cover is 80% for MSEs operated and/ or owned by women.

Some of the special schemes for women entrepreneurs implemented by the government bodies and allied institutions are provided below.

Schemes of Ministry of MSME

- Trade related entrepreneurship assistance and development (TREAD) scheme for women
- Mahila Coir Yojana

Schemes of Ministry of Women and Child Development

- Support to Training and Employment Program for Women (STEP)
- Swayam Siddha

Schemes of Kerala State Women's Development Corporation

- Self employment loan programs
- Educational loan schemes
- Single women benefit schemes
- Job oriented training programs
- Marketing support for women entrepreneurs
- Autorickshaw / school van's driver scheme
- Kerala Government's Women Industries Programme
- Delhi Government's Stree Shakti Project
- Schemes of Delhi Commission for Women (Related to Skill development and training)
- Incentives to Women Entrepreneurs Scheme, 2008, Government of Goa
- Magalir Udavi Scheme, Pudhucherry Government
- Financing Schemes by Banks/ Financial Institution's.

Problems of Women Entrepreneurs

Women entrepreneurs face a series of problems right from the beginning till the enterprise functions. Being a woman itself poses various problems to a woman entrepreneur, The problems of Indian women pertains to her responsibility towards family, society and lion work.

The tradition, customs, social cultural values, ethics, motherhood subordinates to ling husband and men, physically weak, hard work areas, feeling of insecurity, cannot be tough etc are some peculiar problems that the Indian women are coming across while they jump into entrepreneurship.

Women in rural areas have to suffer still further. They face tough resistance from men. They are considered as helpers. The attitude of society towards her and constraints in which she has to live and work are not very conducive.

Besides the above basic problems the other problems faced by women entrepreneurs are as follows:

1. Family Ties

Women in India are very emotionally attached to their families. They are supposed to attend to all the domestic work, to look after the children and other members of the family. They are overburden with family responsibilities like extra attention to husband, children and in laws which take away a lot of their time and energy. In such situation, it will be very difficult to concentrate and run the enterprise successfully.

2. Male Dominated Society

Even though our constitution speaks of equality between sexes, male chauvinism is still the order of the day. Women are not treated equal to men. Their entry into business requires the approval of the head of the family. Entrepreneurship has traditionally been seen as a male preserve. All these put a break in the growth of women entrepreneurs.

3. Lack of Education

Women in India are lagging far behind in the field of education. Most of the women (around sixty per cent of total women) are illiterate. Those who are educated are provided either less or inadequate education than their male counterpart partly due to early marriage, partly due to son's higher education and partly due to poverty. Due to lack of proper education, women entrepreneurs remain in the dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

4. Social Barriers

The traditions and customs prevailed in Indian societies towards women sometimes stand as an obstacle before them to grow and prosper. Castes and religions dominate with one another and hinders women entrepreneurs too. In rural areas, they face more social barriers. They are always seen with suspicious eyes.

5. Shortage of Raw Materials

The scarcity of raw materials, sometimes nor, availability of proper and adequate raw materials sounds the death-knell of the enterprises run by women entrepreneurs. Women entrepreneurs really face a tough task in getting the required raw material and other necessary inputs for the enterprises when the prices are very high.

6. Problem of Finance

Women entrepreneurs stiffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutes are not coming forward to provide financial assistance to women borrowers on the ground of their less credit worthiness and more chances of business failure. They also face financial problem due to blockage of funds in raw materials, work-in-progress, finished goods and non-receipt of payment from customers in time.

7. Tough Competition

Usually women entrepreneurs employ low technology in the process of production. In a market where the competition is too high,

they have to fight hard to survive in the market against the organized sector and their male counterpart who have vast experience and capacity to adopt advanced technology in managing enterprises

8. High Cost of Production

Several factors, including inefficient management contribute to the high cost of production, which stands as a stumbling block before women entrepreneurs. Women entrepreneurs face technology obsolescence due to non-adoption or slow adoption to changing technology which is a major factor of the high cost of production.

9. Low Risk-Bearing Capacity

Women in India are by nature weak, shy and mild. They cannot bear the amount risk which is essential for running an enterprise. Lack of education, training and financial support from outsiders also reduce their ability to bear the risk involved in an enterprise.

10. Limited Mobility

Women mobility in India is highly limited and has become a problem due to traditional values and inability to drive vehicles. Moving along and asking for a room to stay out in the night for business purposes are still looked upon with suspicious eyes. Sometimes, younger women feel uncomfortable in dealing with men who show extra interest in them than work related aspects.

11. Lack of Entrepreneurial Aptitude

Lack of entrepreneurial attitude is a matter of concern for women entrepreneurs. They have no entrepreneurial bent of mind. Even after attending various training programs on entrepreneurship women entrepreneurs fail to tide over the risks and troubles that may come up with an organizational working.

12. Limited Managerial Ability

Management has become a specialized job which only efficient managers perform. Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, staffing, directing, motivating etc. of an enterprise.

Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.

13. Legal Formalities

Fulfilling the legal formalities required for running an enterprise becomes an upheaval task on the part of a women entrepreneur because of the prevalence of corrupt practices in government offices and procedural delays for various licenses, electricity, water and shed allotments. In such situations women entrepreneurs find it hard to concentrate on the smooth working of the enterprise.

14. Exploitation by Middle Men

Since women cannot run around for marketing, distribution and money collection, they have to depend on middle men for the above activities. Middlemen tend to exploit them in the guise of helping. They add their own profit margin which results in less sales and lesser profit.

15. Lack of Self Confidence

Women entrepreneurs because of their inherent nature, lack of self-confidence which is essentially a motivating factor in running an enterprise successfully. They have to strive hard to strike a balance between managing a family and managing an enterprise. Sometimes she has to sacrifice her entrepreneurial urge in order to strike a balance between the two.s

Development of Women Entrepreneurs-Recent Trends

The modern chit fund organizations owe their beginning in the chits organized by army housewives in urban and semi urban areas in the early twentieth century. Their innate aptitude to match requirements with availability, an instinct cultivated over decades of household management, help them cut costs and increase productivity.

In fact, development of women entrepreneurship should form an integral part of all development efforts. It is indeed a step in the right direction that a special chapter in the seventh plan has covered the

integration of women in economic development.in this regard the plan document has suggested the following:

1. To treat women as specific target groups in all development programs.
2. To properly diversify vocational training facilities for women to suit their varied needs and skills.
3. To encourage appropriate technologies, equipment and practices for reducing their drudgery and increasing their efficiency and productivity.
4. To provide marketing assistance at the state level.
5. To increase women's participation in decision making.

Development Activities of Women Entrepreneurs in India

In India, entrepreneurship in the development of women is an essential part of human resources when compared with other countries. But, the growth of women entrepreneurship is very low in India, especially in the rural areas. Moreover, women from the middle class are less enthusiastic to change their role because of their fear to face the social backlash. The development is more found in the families at upper class society in urban areas.

Several institutional arrangements have been made to protect and develop women entrepreneurship in India. The Nationalized Banks and State Financial Corporations advance loans to women entrepreneurs on a preferential basis. State Industrial Development Corporations and District Industries Centers give loans, subsidies and grants to small-scale women entrepreneurs. State level agencies help women entrepreneurs in preparing project reports, purchasing machinery and building and training and hiring staff. The Federation of Indian Chambers of Commerce and Industry (FICCI), FICCI Ladies Organization (FLO), National Alliance of Young Entrepreneurs (NAYE) and other voluntary agencies lend assistance to women entrepreneurs. Under the Social Education Scheme of Community Development Programme, Mahilasangams (Women's groups) were organized and women's Industrial co-operatives were set up in 19582 . Within the overall aim of promoting regional co-operation by strengthening technology transfer mechanism in the Asia-Pacific Region, the Asian and Pacific Centre 70 for Transfer of Technology

have actively been promoting the development of women entrepreneurship and participation of women in the field of technology. The APCTT implements projects which have been funded by multi-and bilateral donor organisations for technical training for women and programmes for technology exposure training for trainers in spreading technology to rural women. Under the banner of “Technology sharing among grass-root women’s groups in the food processing sector” the Centre organised a series of workshops and technical training programmes were organized by the centre during 1997-1998.

In addition, various government agencies are involved in the development, promotion, monitoring, evaluation and expansion of women entrepreneurship programmes. Some of them are listed here, namely

1. Entrepreneurial Development Institute (EDI),
2. National Small Industries Corporation Limited (NSIC),
3. Small Industries Development Organization (SIDO),
4. District Industries Centre (DIC),
5. National Level Standing Committee on Women Entrepreneurs (NLSCWE),
6. National Research Corporation of India (NRDCI),
7. The National Alliance of Young Entrepreneurs (NAYE),
8. Indian Council of Women Entrepreneurs (ICWE),
9. Federation of Indian Chambers of Commerce and Industry (FICCI),
10. National Commission of Self Employed Women in the Informal Sector (NCSEWIS),
11. World Association of Women Entrepreneurs (WAWEE),
12. Associated Country Women of the World (ACWW),
13. National Association of Women Entrepreneurs and Executives (NAWEE),
14. The Industrial Development Bank of India (IDBI),
15. Industrial Finance Corporation of India (IFCI), Self-Employed to Educated Unemployed Youth (SEEUY),
16. Women Development Project (WDP),
17. Development of 71 Women and Children in Rural Area (DWCRA),

18. Science and Technology for Women (STW),
19. Training of Rural Youth for Self Employment (TRYSEM),
National Institute for Entrepreneurship and Small Business
Development (NIESBUD). The women entrepreneurs have to
approach the nearest commercial banks, institutions and cooperatives
to know the different schemes and to take advantage of this
programme of assistance.

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