

ENTREPRENEURSHIP DEVELOPMENT
M.Sc. FOOD AND NUTRITION SCIENCE
SEMESTER-II, PAPER-III

LESSON WRITERS

Dr. D. Jalaja Kumari

Faculty
Department of FSND,
Acharya Nagarjuna University.

Dr. Ch. Manjula

Faculty
Department of FSND,
Acharya Nagarjuna University.

Dr. P. Kiranmayi

Associate Professor
Department of Biochemistry,
Acharya Nagarjuna University.

Dr. B. Babitha

Associate Professor
Department of FSND,
Acharya Nagarjuna University.

EDITOR & LESSON WRITER

Dr. Santhi Sri, K.V

Associate Professor
Department of Food Science, Nutrition and Dietetics,
University College of Sciences,
Acharya Nagarjuna University.

Academic Advisor

Dr. B. Babitha

Associate Professor
Department of FSND,
Acharya Nagarjuna University.

DIRECTOR, I/c.

Prof. V. Venkateswarlu

M.A., M.P.S., M.S.W., M.Phil., Ph.D.

Professor

CENTRE FOR DISTANCE EDUCATION
ACHARYA NAGARJUNA UNIVERSITY

NAGARJUNA NAGAR 522 510

Ph: 0863-2346222, 2346208

0863- 2346259 (Study Material)

Website www.anucde.info

E-mail: anucdedirector@gmail.com

M.Sc. FOOD AND NUTRITION SCIENCE: ENTERPRENEURSHIP DEVELOPMENT

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FOREWORD

Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A+' grade from the NAAC in the year 2024, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 221 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.Sc., B.A., B.B.A., and B.Com. courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson-writers of the Centre who have helped in these endeavors.

*Prof. K. Gangadhara Rao
M.Tech., Ph.D.,
Vice-Chancellor I/c
Acharya Nagarjuna University.*

M.Sc. FOOD AND NUTRITION SCIENCE
SEMESTER-II, PAPER-III
203FN24-ENTERPRENEURSHIP DEVELOPMENT
SYLLABUS

Course Objectives: To enable the students to

- 1) The objective of the Entrepreneurship in graduates and advanced level of entrepreneurial vision and entrepreneur will.
- 2) The ability to identify opportunities that exist, that represent untapped markets and underserved markets, and those that can be created by applying existing technologies to new fields and new markets.

THEORY

UNIT I:

- Concept of Entrepreneurship and enterprising and role of entrepreneurship in economic development.
- Growth of Entrepreneurs and Entrepreneurship, factors determining the growth of entrepreneurship.
- Role of Entrepreneurship in economic development.
- Entrepreneurial culture and spirit: Assessment of Entrepreneurship qualities and personalities, Entrepreneurship skills.
- Entrepreneurial motivation: The motivating factors, Entrepreneurial ambitions, compelling factors, facilitating factors and achievement motivation.

UNIT II:

- Process of entrepreneurship development: Stage wise tasks to be performed. The learning required to perform the tasks.
- Women Entrepreneur: Concept of women entrepreneurs, contribution of female entrepreneurs to the economy, psycho, socio-economic and demographic profiles of women entrepreneurs in India.
- Problems of women entrepreneurs and role of women entrepreneurs association.

UNIT III:

- Entrepreneurial development programs in India: Concept of entrepreneurial development.
- Need for training and development, phases of entrepreneurial development program, contents of training for entrepreneurial development.
- Target groups, special agencies and schemes.
- Institutions conducting entrepreneurial development program and evaluating entrepreneurial development programs.

UNIT IV:

- Development of the business plan: Idea generation and validating the idea.
- Statement of objectives and description of product/service, clients and scope- Market research and analysis, location choices, operations plan, analysis of risks, organization of the management team and distribution of tasks.
- Overall schedule of activities leading to start up and the finance management.

UNIT V:

- Negotiations with the family friends, relatives, shareholders and financial institutions- Angel money.
- Entrepreneurship support systems: Institution set up Industrial estates, SIDO. NSIC. SISI. SIPCOT, IIC, NAYE. NPC, KVIC, TCUC. Commercial banks SHG (Self help groups).
- Developing leadership among women entrepreneurs and Networking amongst entrepreneurs.

REFERENCE BOOKS:

- 1) Harish, Economic Development and Role of Indian Women, Common Wealth Publishers, New Delhi-110002.
- 2) Jain P.C. Hand Book for New Entrepreneurs Oxford University Press.
- 3) Medha Dubhashi, Women Entrepreneurs in India, Common Wealth Publishers, New Delhi-112002
- 4) Rush, H.A. Economic Development & Role of Indian Women, Common Wealth Publisher, New Delhi-112002.
- 5) Uddin Entrepreneurship Development in India, Sami, University Press.
- 6) Indian Journal of Nutrition and Dietetics.
- 7) NIN Journals
- 8) Current Science
- 9) Journal of Medical Microbiology
- 10) American Journal of Clinical Nutrition.

Course Outcomes: After completion of this course, students will be able to:

CO1 : The ability to identify opportunities that exist and motivate the entrepreneurship.

CO2 : Understand the process of entrepreneurship development.

CO3 : Learn about concept of entrepreneurial development.

CO4 : Acquired knowledge on development of the business plan.

CO5 : Understand about entrepreneurship support systems.

M.Sc. DEGREE EXAMINATION, MODEL QUESTION PAPER
FIRST SEMESTER
ENTREPRENEURSHIP DEVELOPMENT

Time: Three hours

Maximum: 70 marks

Answer ONE Question From Each Unit
Each Question Carries 14 Marks.

$5 \times 14 = 70M$

UNIT-I

- 1) Write about entrepreneurial culture and spirit.

OR

- 2) Discuss in detail about concept of entrepreneurship and enterprising.

UNIT-II

- 3) Write about women entrepreneur.

OR

- 4) What are the problems of women entrepreneurs and role of women entrepreneur's association.

UNIT-III

- 5) Write about phases of entrepreneurial development programmes.

OR

- 6) Explain about Institutions conducting entrepreneurial development program and evaluating entrepreneurial development programs.

UNIT-IV

- 7) Write about statement of objectives and description of service, clients and scope of business plan

OR

- 8) What is the negotiations with the family friends, relatives and financial institutions?

UNIT-V

- 9) Write about institution set up DISCS and industrial estates.

OR

- 10) Explain about SIDO, NSIC, SISI and commercial banks, SHG.

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LESSON-1

CONCEPT OF ENTREPRENEURSHIP AND ENTERPRISING, ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

1.0 OBJECTIVES:

After reading this chapter, students will understand

- Point out various factors affecting entrepreneurship.
- Know that how entrepreneurship plays an importance role in economic development.

STRUCTURE:

1.1 INTRODUCTION

1.2 CONCEPT OF ENTREPRENEURSHIP AND ENTERPRISING

1.3 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

1.4 TYPES OF ENTREPRENEURSHIP

1.5 CHARACTERISTICS OF ENTREPRENEURSHIP

1.6 SUMMARY

1.7 SELF ASSESSMENT QUESTIONS

1.8 REFERENCE BOOKS

1.1 INTRODUCTION

Entrepreneurship is the art of starting a business, basically a startup company offering creative product, process or service. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance. An entrepreneur is a creator or a designer who designs new ideas and business processes according to the market requirements and his/her own passion. To be a successful entrepreneur, it is very important to have managerial skill and strong team building abilities. Leadership attributes are a sign of successful entrepreneurs. Some political economists regard leadership, management ability, and team building skills to be the essential qualities of an entrepreneur. An entrepreneur is an innovator or a creator who introduces something new to the firm or economy. It can be a new method of production, a new product, a new source of material, a new market or any other similar innovation. Thus, an entrepreneur is an innovator, creator, borrower, purchaser, etc. Some famous entrepreneurs are Azim Premji, Lakshmi Mittal, and Ekta Kapoor.

Definitions of Entrepreneurship:

Economists have never had a consistent definition of "Entrepreneur" or "entrepreneurship" (the word "entrepreneur" comes from the French verb entrepreneur, 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.

1.2 CONCEPT OF ENTREPRENEURSHIP AND ENTERPRISING

The practice of ideating, developing, launching, and running a business venture along with its financial risks is called Entrepreneurship. It is very important for the economic development of the expanding global market place. A person who undertakes entrepreneurship is called entrepreneur. Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

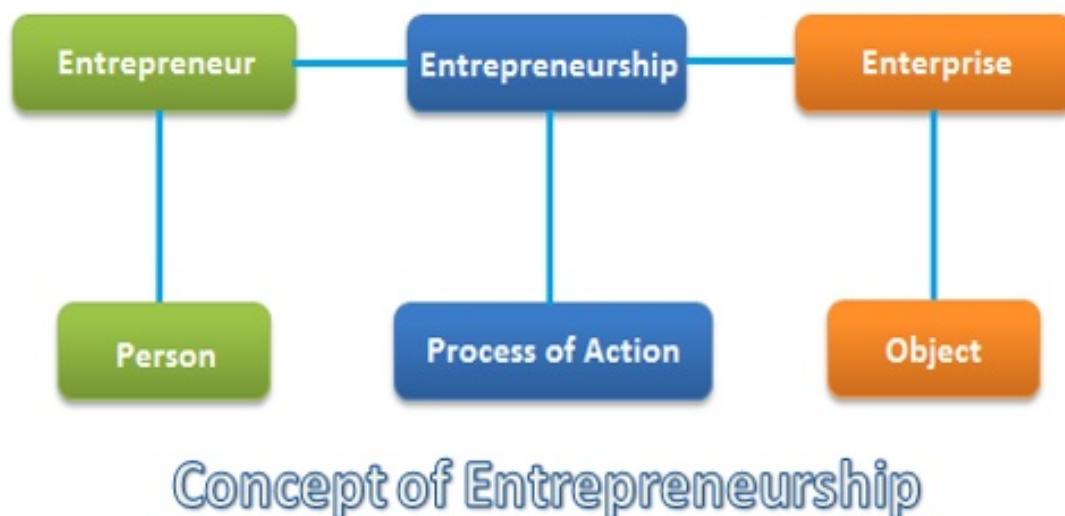


Fig. 1.1

IMPORTANCE OF ENTREPRENEURSHIP:

- **Creation of Employment-** Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.
- **Innovation-** It is the hub of innovation that provides new product ventures, market, technology, and quality of goods, etc., and increase the standard of living of the people.

- **Impact on Society and Community Development-** A society becomes greater if the employment base is large and diversified. It changes society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organisation in a more stable and high quality of community life.
- **Increase Standard of Living-** Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the number of consumption of various goods and services by a household for a particular period.
- **Supports research and development-** New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

ENTREPRENEUR:

The entrepreneur is defined as someone who has the ability and desire to establish, administer, and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovator, and bring new ideas in the market by replacing old with a new invention. It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur make is with a combination of land, natural resources, labour and capital.

Basically an entrepreneur is a person responsible for setting up a business or an enterprise. He has the initiative, skill for innovation and who looks for high achievements. He is a catalytic agent of change and works for the good of people. He puts up new green field projects that create wealth, open up many employment opportunities and leads to growth of other sectors.

ENTERPRISING

Organisation or Enterprise means to plan a business, to start it and run it. It means to bring the factors of production together, assign each its proper task, and pay them remuneration when the work is done. It implies not only running of a business, but also shouldering the loss, if any. The man who undertakes all this work is called an organiser, or, more commonly, an entrepreneur. Organising and risk-taking are the two main functions of the entrepreneur.

IMPORTANCE OF ENTERPRISING

In modern times, business is a very complicated affair. Nationwide, and even international, influences act on it. Even a small happening in some remote corner of the world might bring it disaster. Owing to such complexities, the work of organization has become very important. The success of a business depends on sound organization. It must be carefully

planned, and the plan must' be properly executed. This is a whole-time job. Somebody must devote all his time and energy to it. Hence, the great importance of the work of an organizer.

The three factors - land, labour, and capital lie scattered. One person has land but no capital; another has capital but no land. The labour has neither; he has only his labour to offer. So, all the factors of production lie apart from one another. Somebody must bring them together if production is to go on. This is what the entrepreneur does.

Hence organisation is a very important factor of production. Unless business properly organized, it cannot be a success. Only through a proper organisation of business will the other factors of production make their best contribution in the work of production. Otherwise labour may be misdirected or land and capital wasted. Land may be very fertile and labour may be very efficient. But if the organiser is inefficient or incapable, the productivity of land and the efficiency of labour will be of no avail.

1.3 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

The role of entrepreneurship in economic development varies from economy to economy depending upon its materials resources, industrial climate and the responsiveness of the political system to the entrepreneurial functions. The entrepreneurs contribute more in favorable opportunity conditions than in the economies with relatively less favorable opportunity conditions.

Entrepreneurship constitutes an important input in the process of economic development. It channelizes resources, capital and men for economic growth. It is the best alternate to over the problem of unemployment and poverty: It manages growth. J.A. Timmons has remarked, "It creates and builds something from practically nothing. It takes calculated risks. It is the knack for sensing an opportunity where others see chaos contradiction and confusion. It is the know-how to find, and control resources and to make sure that the venture does not run out of money when it is needed most". Robert Ronstadt writes, "Entrepreneurship is the dynamic process of creating incremental wealth." Viewed from the opportunity conditions point of view, the underdeveloped regions, due to the paucity of funds, lack of skilled labour and nonexistence of minimum social and economic overheads, are less conducive to the emergence particularly of innovative entrepreneurs. In such regions, entrepreneurship does not emerge out of industrial background with well developed institutions to support and encourage it. Therefore, entrepreneurs in such regions may not be an "innovator" but an "imitator" who would copy the innovations introduced by the "innovative" entrepreneurs of the developed regions

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

1.3.1. Promotes Capital Formation:

Entrepreneurs promote capital formation by mobilising the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

1.3.2. Creates Large-Scale Employment Opportunities:

Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations. With the setting up of more and more units by entrepreneurs, both on small and large scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, 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. Growing unemployment particularly educated unemployment is the problem of the nation. The available employment opportunities can cater only 5 to 10 % of the unemployed. Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur and indirectly by starting many industrial units they offer jobs to millions. Thus entrepreneurship is the best way to fight the evil of unemployment.

1.3.3. Promotes Balanced Regional Development:

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc., Setting up of more industries lead to more development of backward regions and thereby promotes balanced regional development. When the new entrepreneurs grow at a faster rate, in view of increasing competition in and around cities, they are forced to set up their enterprises in the smaller towns away from big cities. This helps in the development of backward regions.

1.3.4. Reduces Concentration of Economic Power:

Economic power is the natural outcome of industrial and business activity. Industrial development normally lead to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

1.3.5. Wealth Creation and Distribution:

It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. Entrepreneurial activities also generate more activities and give a multiplier effect in the economy.

1.3.6. Increasing Gross National Product and Per Capita Income:

Entrepreneurs are always on the lookout for opportunities. They explore and exploit opportunities encourage effective resource mobilization of capital and skill, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth. . An increasing number of entrepreneurs are required to meet this increasing demand for goods and services. Thus entrepreneurship increases the national income.

1.3.7. Improvement in the Standard of Living:

Increase in the standard of living of the people is a characteristic feature of economic development of the country. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

1.3.8. Promotes Country's Export Trade:

Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development.

1.3.9. Induces Backward and Forward Linkages:

Entrepreneurs like to work in an environment of change and try to maximise profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

1.3.10. 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. In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area.

1.3.11. Creating innovation:

An entrepreneur is a person who always look for changes. Apart from combining the factors of production, he also introduces new ideas and new combination of factors. He always try to introduce newer and newer technique of production of goods and services. An entrepreneur brings economic development through innovation.

1.3.12. Entrepreneurs Create New Businesses:

Path breaking offerings by entrepreneurs, in the form of new goods & services, result in new employment, which can produce a cascading effect or virtuous circle in the economy. The stimulation of related businesses or sectors that support the new venture add to further economic development. For example, a few IT companies founded the Indian IT industry in the 1990s as a backend programmers' hub. Soon the industry gathered pace in its own programmers' domain. But more importantly, millions from other sectors benefited from it. Businesses in associated industries, like call centre operations, network maintenance companies and hardware providers, flourished. Education and training institutes nurtured a new class of IT workers offering better, high-paying jobs. Infrastructure development

organizations and even real estate companies capitalized on this growth as workers migrated to employment hubs seeking new improved lives. Similarly, future development efforts in underdeveloped countries will require robust logistics support, capital investment from buildings to paper clips and a qualified workforce. From the highly qualified programmer to the construction worker, the entrepreneur enables benefits across a broad spectrum of the economy.

1.3.13. Entrepreneurs Also Create Social Change:

Through their unique offerings of new goods and services, entrepreneurs break away from tradition and indirectly support freedom by reducing dependence on obsolete systems and technologies. Overall, this results in an improved quality of life, greater morale and economic freedom.

For example, the water supply in a water scarce region will, at times, force people to stop working to collect water. This will impact their business, productivity and income. Imagine an innovative, automatic, low-cost, flow-based pump that can fill in people's home water containers automatically. Such an installation will ensure people are able to focus on their core jobs without worrying about a basic necessity like carrying water. More time to devote to work means economic growth. For a more contemporary example, smart phones and their smart apps have revolutionized work and play across the globe. Smart phones are not exclusive to rich countries or rich people either. As the growth of China's smart phone market and its smartphone industry show, technological entrepreneurship will have profound, long lasting impacts on the entire human race. Moreover, the globalization of tech means entrepreneurs in lesser-developed countries have access to the same tools as their counterparts in richer countries. They also have the advantage of a lower cost of living, so a young individual entrepreneur from an underdeveloped country can take on the might of the multi-million dollar existing product from a developed country.

1.3.14. Personal Growth:

Entrepreneurship has created millions of good jobs. In a startup workplace, jobs often call for creativity and collaboration, leading to personal development. Those exposed to entrepreneurship have higher confidence and greater independence. Not bound by the hierarchy and restrictions of large corporations, young entrepreneurs can take on greater responsibility, work flexible schedules and use creative solutions to problem solve. The freedom associated with entrepreneurship comes with certain challenges. Entrepreneurs often work long hours and risk their personal assets in developing their business.

1.3.15. Entrepreneurship puts new business ideas into practice:

In doing so, it creates jobs that facilitate personal development. With their innovative and disruptive ideas, entrepreneurs can tackle social problems too. It's a worthy pursuit to consider, but if it's not for you, see how to pass down its principles to the next generation and enroll in How to encourage and Teach Our Children Thus, it is clear that entrepreneurship serves as a catalyst of economic development. On the whole, the role of entrepreneurship in economic development of a country can best be put as "an economy is the effect for which entrepreneurship is the cause"

FACILITATING FACTORS:

- Technical knowledge
- Entrepreneurial training
- Market contacts
- Family business
- Availability of capital
- Successful role models
- Local manpower
- Govt. & institutional support

BARRIERS:

- Lack of technical skills
- Lack of market knowledge
- Lack of business knowledge
- Time pressure & distractions
- Patent inhibitions
- Political instability

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

- Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.
- It provides immediate large-scale employment. Thus, it helps reduces the unemployment problem in the country, i.e. the root of all socio-economic problem.
- It promotes balanced regional development.
- It helps reduces the concentration of economic power.
- It simulates the equitable redistribution of wealth, income and even political power in the interest of the country.
- It encourages effective resource mobilization of capital and skill which might otherwise remain unutilized.
- It also induces backward and forward linkages which stimulate the process of economic development in the country.
- Last but no means the least; it also promotes country's export trade i.e., an important ingredient to economic development.

1.4 TYPES OF ENTREPRENEURSHIP:

There are four types of entrepreneurship are present. It is classified into the following types:

1.4.1 Technological entrepreneurship

The term ‘technological entrepreneurship’ is quite self-explanatory and refers to entrepreneurship in the intensively technological context. The process is often referred as technopreneurship as it is an amalgamation of technological and entrepreneurial skills. This is one of the newer types of entrepreneurship and needs the participants to be tech savvy, creative, smart, passionate, and have a healthy appetite for taking risks.

1.4.2 Opportunistic entrepreneurship

Finding the opportunity and knowing how to convert them into an entrepreneurial venture is a skill and only successful entrepreneurs possess the skill. Any change, small or big, presents new opportunities and those that can identify these opportunities and use them timely can become great opportunistic entrepreneurs. This type of entrepreneurship banks upon identifying good opportunities, exploits them in time and executes them to turn them into entrepreneurial ventures.

1.4.3. Social entrepreneurship

Social entrepreneurship is a type of social entrepreneurship that recognizes a social problem and then uses entrepreneurial skills, principles and processes to bring about a social change. Successful social entrepreneurs have the innovative potential of coming up with products and services or solutions to solve critical social problems and address the needs. Their goal lies in making the world a better place to live instead of creating wealth for the owners.

1.4.4. Intrapreneurship

In this type of entrepreneurship, an employee practices entrepreneurship within an organization to convert a viable idea into a business opportunity. These employees can even be leaders in an organization who are motivated and creative enough to innovate while owning up to the risks involved in entrepreneurship of any type. Intrapreneurship is often termed as Corporate Entrepreneurship, where there are formal structures are in place to encourage the possibility of profitability and growth. This is a great system for the corporate employees who feel demotivated by the run of the mill activities and responsibilities. These employees often look for opportunities to innovate in context of the mechanism, the product, or the processes to bring about a positive change in how things are done within the organization. Lack of such opportunities may cause them to leave the organization and start wondering how to become a successful entrepreneur. However, when nurtured, these employees can bring about profits and stronger systems within the organization. This is a win-win situation, both for the company and the employee.

1.4.5. Incubative entrepreneurship

To understand what we mean by incubative entrepreneurship, you first need to understand what a business incubator is. A business incubator is a company or an

organization that provides a multitude of services to new businesses or startups. These services may include anything from management training to workspace, infrastructure, and even access to sponsors. Incubative entrepreneurship has helped bring about some of the most famous entrepreneurs like Sean Rad the co-founder of Tinder, developed his app while working with incubator Hatch Labs. Incubative entrepreneurship is a type of entrepreneurship that generates and nurtures new ideas and ventures in the organization. Here, the ideas are constructively executed to ensure profitability and revenue generation for the company or the organization. An incubative entrepreneur or business incubator pursues and supports the new business to get the infrastructural help needed to promote creations and innovations.

1.4.6. Environmental entrepreneurship

Alternatively known as Green Entrepreneurship, environmental entrepreneurship is a type of entrepreneurship that involves a certain responsibility towards the environment while defining their goals and creating processes. In recent times, environmental entrepreneurship has also begun to be referred to as 'ecopreneurship' – a term meant to define the process of implementing the principles of entrepreneurship to create a business that solves environmental challenges or work in a sustainable fashion.

1.4.7. Cultural entrepreneurship

This type of entrepreneurship can be a little difficult to put in words. This may involve aspects pertaining to culture, lifestyle or way of life, arts and the creative industries. Entrepreneurs who dabble with cultural entrepreneurship, assume responsibility for bringing about a cultural change. These cultural entrepreneurs possess a unique vision for bringing together cultural, social, human, and financial capital in order to generate revenue from a cultural activity. Cultural entrepreneurship has the potential of acting as the bridge between creative talents and their ability or lack thereof to market it.

1.4.8. Acquisitive entrepreneurship

It has often been observed that people with entrepreneurial skills may lack certain other skills or competencies that they may need for their entrepreneurial ventures. This is where acquisitive entrepreneurship has an edge. This type of entrepreneurship acquires things of value or achieves the competency level of the competitors. This particular trait adds sustainability to the entrepreneurial venture in a competitive environment.

1.4.9. Imitative entrepreneurship

This type of entrepreneurship imitates or mimics a product or service already functioning in the market, mostly under a franchise agreement. Imitative entrepreneurship is a great medium to help spread technology all over the world. There are many businesses, big ones who are innovators and have pockets deep enough to bring these innovations to market. For entrepreneurs or small startups, this presents a great opportunity to imitate existing businesses that are already successful and start their own business ventures.

1.4.10. Cyber entrepreneurship

Internet or the cyber world is a treasure trove of opportunity for people, companies, societies and bigger stakeholders. The world of internet has made it possible to make

business transactions through personal computers or even smartphones. Cyber entrepreneurship or netpreneurship is the process of identifying and bringing together relevant resources to transform a promising opportunity into a profitable online business. Startups or new businesses have begun noticing the reach and potential of internet and started preferring the online realm over brick and mortar establishments. This type of entrepreneurship involves acquiring, engaging, and retaining customers through social platforms or other portals related to the organization, like a website or an ecommerce app.

1.5 CHARACTERISTICS OF ENTREPRENEURSHIP:

Not all entrepreneurs are successful, there are definite characteristics that make entrepreneurship successful. Few of them are mentioned below:

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company, and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but more efficient and economical way.
- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality a lot of resources and employees are required. Here, leadership quality is paramount because a leader imparts and guides their employees towards the right path of success.
- **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
- **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service as and when needed.
- **Know your Product-** A company owner should be the product offerings, and also the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or it is time to tweak it a little. Being able to point on yourself and then alter as needed is a vital part of entrepreneurship.

Strategies of Entrepreneur's

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 strategic
- Development of future products and services
- Optimized talent management

1.6 SUMMARY:

The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national income by creating new jobs entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and the marketplace. With this entrepreneurial skills and store of knowledge, Indian entrepreneurs becoming creative and innovative and this will ensure that India will rise as a global economic power house. The entrepreneurship development movement in India had received significant attention; this is borne out by the fact that the small manufacturing enterprises have made phenomenal progress during the last three decades and today occupy an important position in the industrial economy of India.

1.7 SELF ASSESSMENT QUESTIONS

- 1) Explain about concept of entrepreneurship and enterprising?
- 2) Explain about role of entrepreneurship in economic development?
- 3) Discuss about types of entrepreneurship?

1.8 REFERENCE BOOKS:

- Sudha G.S. (2005), “Management and Entrepreneurship Development”, Indus Valley Publications, New Delhi.
- Basotia G.R., Sharma K.K. (1991), “Handbook of Entrepreneurship Development – An Entrepreneurs Guide to Planning, Starting, Developing and Managing a New Enterprise”, Mangal Deep Publications, Jaipur.
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LESSON-2

GROWTH OF ENTREPRENEURS AND ENTREPRENEURSHIP, FACTORS DETERMINING THE GROWTH OF ENTREPRENEURSHIP

2.0. OBJECTIVES:

After reading this chapter, students will understand

- Point out various factors affecting entrepreneurship.
- Know that how entrepreneurship plays an importance role in economic development

STRUCTURE:

2.1 INTRODUCTION

2.2 GROWTH OF ENTREPRENEURS AND ENTREPRENEURSHIP

2.3 GROWTH RISK

2.4 FACTORS AFFECTING THE GROWTH OF ENTREPRENEURSHIP

2.5 SUMMARY

2.6 SELF ASSESSMENT QUESTIONS

2.7 REFERENCE BOOKS

2.1 INTRODUCTION:

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures. Entrepreneurs play a key role in any economy, using the skills and initiative necessary to anticipate 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 prevalent in the markets. 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. In these situations, new firms may acquire financing from venture capitalists, angel investors, hedge funds, crowd sourcing, or through more traditional sources such as bank loans.

Some facts about entrepreneurs and entrepreneurship:

E: xamine needs, wants, and problems to see how they can improve the way needs and wants are met and problems overcome.

N: arrow the possible opportunities to one specific “best” opportunity.

T: hink of innovative ideas and narrow them to the “best” idea.

R: esearch the opportunity and idea thoroughly.

E: nlist the best sources of advice and assistance that they can find.

P: lan their ventures and look for possible problems that might arise.

R: ank the risks and the possible rewards.

E: valuate the risks and possible rewards and make their decision to act or not to act.

N: ever hang on to an idea, no matter how much they may love it, if research shows it won’t work.

E: mploy the resources necessary for the venture to succeed.

U: nderstand that they will have to work long and hard to make their venture succeed.

R: ealize a sense of accomplishment from their successful ventures and learn from their failures to help them achieve success in the future.

2.2 GROWTH OF ENTREPRENEURS AND ENTREPRENEURSHIP

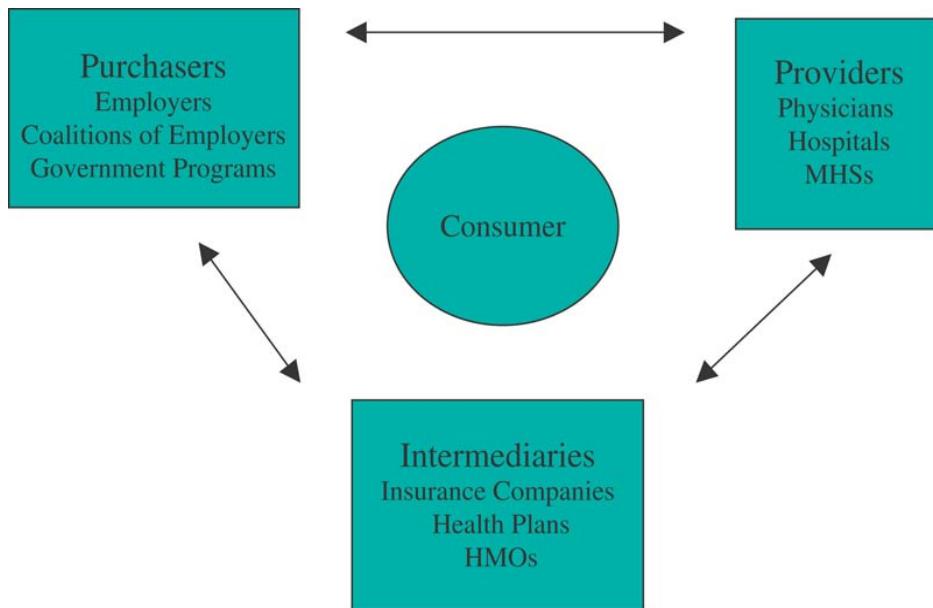
2.2.1. Industry Structure:

Performance, in terms of economic growth, is shaped by the degree to which the prevalent industry structure efficiently utilizes scarce resources. Technological changes in the first three quarters of the previous century had favored the performance of large centralized units.

Now, recent technological changes have led to an industry structure that is generally shifting towards a bigger role for small firms. The employment share of large companies has been steadily decreasing (Carlsson 1992, 1999). Growing competitiveness of small firms lowers entry barriers for new entrants. Concentration on core competencies leads to corporate spin-offs and divestments. Many larger companies would find it much more desirable to promote ancillaries and vendors than to get into the activity directly.

2.2.2. New Technologies:

This factor is related to the changes in industry structure. Fundamental changes in nature of technological development have led to diseconomies of scale. Piore and Sabel (1984) state that instability in the markets led to the decrease of mass production and the move towards flexible specialization. Small technology-based firms are now able to challenge larger companies still dependant on economies of scale (Meredith 1987, Carlsson 1989). Acs and Audretsch (1987) provide empirical evidence that small firms have an advantage over large firms in highly innovative industries.

**Fig. 2.1**

2.2.3. Deregulation and Privatization:

Phillips (1985) gives evidence that small firms are dominant in the increase of entrepreneurial activity in sectors that have been recently deregulated. Liberal economic policies in China have led to phenomenal growth fuelled by entrepreneurs. The collapse of communism in Eastern Europe has led to thriving entrepreneurship in the new free-market economies. Even in the rest of the world, conservative economic policy has given way to a brave new approach that has led to broad level deregulation across industries. Now companies have to deal with less licenses and fewer government controls. Many state-owned enterprises have also been privatized leading to a greater role for the private sector in general and entrepreneurs in particular.

2.2.4. Formation of New Business Communities:

Efficiencies across markets, primarily resulting from use of new technologies, have led to declining cost of transactions. Jovanovich states that recent advances in information technology have made inter-firm coordination relatively cheaper compared to intra-firm coordination. Business exchanges such as alibaba.com help smaller firms to be competitive. This promotes setting up of new firms in the new-age business communities.

2.2.5. Increasing Demand for Variety:

Increased wealth has led to increase in the demand for variety. The increasing demand for new products is of advantage to smaller firms. A number of studies have shown the comparative advantage of smaller firms in being innovative and coming up with new products. Changes in consumer tastes are a major reason for growth of entrepreneurship (Brock and Evans 1989). People are inclined to products that are specifically designed to meet their special needs. Mass produced homogenous goods do not enjoy as wide an appeal anymore. Jovanovic (1993) states that large firms have not been comfortable entering into niche markets.

2.2.6. Services Sector:

Increase in per capita income leads to a greater share of the services sector in the national economy. The average size of firms in many sections of the services sector is relatively small. This in turn promotes entrepreneurial activity across a number of service sector industries. Currently, services account for over 60 per cent of the GDP of developed economies. Interestingly, even for some developing countries such as India, services account for over half of the total GDP. Growing importance of services in the overall economy has paved the way for entrepreneurial activity. New industries such as software and business process outsourcing have emerged and these have a large number of entrepreneurial firms.

2.2.7. Government Incentives and Subsidies:

Loveman and Sengenberger (1991) have discussed the positive role of government incentives and subsidies. In India, there are incentives being given by both the state and central government. Many of the incentives are often sector specific, being given by the concerned ministry. Similarly, entrepreneurship is being encouraged in many countries with a variety of incentives such as tax breaks, preferred sourcing or grants.

2.2.8. Increasing Flow of Information:

Information is the lifeblood of business. Information is being increasingly democratized. The Internet has become the chief source of varied information. Search engines such as Google and Yahoo enable you to access information from trade bodies, academic or research institutions, news networks, corporate sites, etc. There is free information and information available for a reasonable fee. Nowadays, telecom connectivity is very affordable. One can now chat with people in New York for less than half of what it used to cost to talk to someone in Delhi about fifteen years back.

2.2.9. Easier Access to Resources:

Today, it is easier for an entrepreneur to access debt and equity finance than ever before. Not just capital, most other factors of production are now easily available to entrepreneurs. With greater flow of information, it is easier to contact and to deal with resource providers such as raw material suppliers and dealers of capital goods. Also, many business services are now tailored to suit the needs of small business owners. Prominent examples of such services are the delivery services of international courier companies such as DHL and UPS and procurement management services of Ariba.

2.2.10. Entrepreneurial Education:

Many universities and institutes are nowadays offering entrepreneurship education. A number of institutes have set up successful entrepreneurship centers, which provide help to budding entrepreneurs by conducting formal training and structured mentoring programmes.

2.2.11. Return on Innovation:

Strengthening of Intellectual Property Rights (IPR) has acted as a major boost to entrepreneurs willing to take a risk on an innovation. Now they feel the confidence in the sanctity of their IPR without feeling the need to be backed up by a large corporation.

2.2.12. Entrepreneur as a Hero:

People like Dhirubhai Ambani and Narayan Murthy have become heroes to the middle class. The common man reveres them as super-achievers. There is something glorious in the tale of their struggle to create new and enduring businesses that inspire a lot of other people.

2.2.13. High Regards for Self-Employment:

Kirchoff (1996) discovered that self-employment is not looked down upon and is thought of as the best way to achieve a variety of personal goals. Schiller and Crewson (1997) produce evidence to suggest that one out of four young workers in the US pursue self-employment by choice.

2.2.14. Rising Dissatisfaction at Job:

Employers are finding it hard to retain talented employees. People now have confidence in their abilities, which in turn prompts them to find alternate employment. For example, the BPO sector in India witnesses employee turnover rates in excess of 60 per cent per annum.

2.2.15. Acceptance of Ex-entrepreneurs in the Job Market:

Companies are willing to re-employ people who have been entrepreneurs. Their experience in creating and starting a new enterprise is highly valued by many employers. As a result, a potential entrepreneur perceives a lower risk as there is always the security of a well-paid job in case the venture does not fare well.

2.3 GROWTH RISKS

All companies undergo periods of growth. Periods of growth are turbulent for any company, as they are inherently unstable and carry risk. In practice, there will always be barriers impeding growth. It is both the will and the ability to overcome these barriers which enable a firm to grow. The will, as an extension of the entrepreneurial spirit, is needed as there are many companies which stagnate due to their unwillingness to take the risks associated with growth. While growth may appear risky compared to temporary stability, stagnation in a high-tech company increases the risk of failure. Innovating in response to changes in the market is a good way to mitigate risk. Careful planning can decrease risk. Being able to anticipate the majority of risks involved and successfully navigating them is what allows firms to grow.

GROWTH BENEFITS

Growth helps firms to establish legitimacy, creating new options to grow. Larger firms are statistically less likely to fail, encouraging trust in customers and potential investors. It is during and right after a period of growth that firms find it easiest to acquire investment capital. Firms which are perceived as having crossed their initial startup hurdles are seen as being stable. With size comes an increase in profitability and liquidity for the firm. This gives a firm a history, which partners and investors are more willing to trust. Assets and finances will thus become more attainable than they were before. With growth, the firm forms new connections and is able to access new markets. This results in an increase in sales, profitability and influence.

2.4 FACTORS DETERMINING THE GROWTH OF ENTREPRENEURSHIP

The entrepreneurial activity at any time is dependent upon a complex and varying combination of economic, social, political, psychological and other factors. These factors may have been both positive and negative effluences on the emergence of entrepreneurship. Positive influences constitute facilitative and conductive conclusive for the emergence of entrepreneurship whereas negative influences create inhibiting milieu to the emergence of entrepreneurship. Following factors contribute to the success of entrepreneurship:

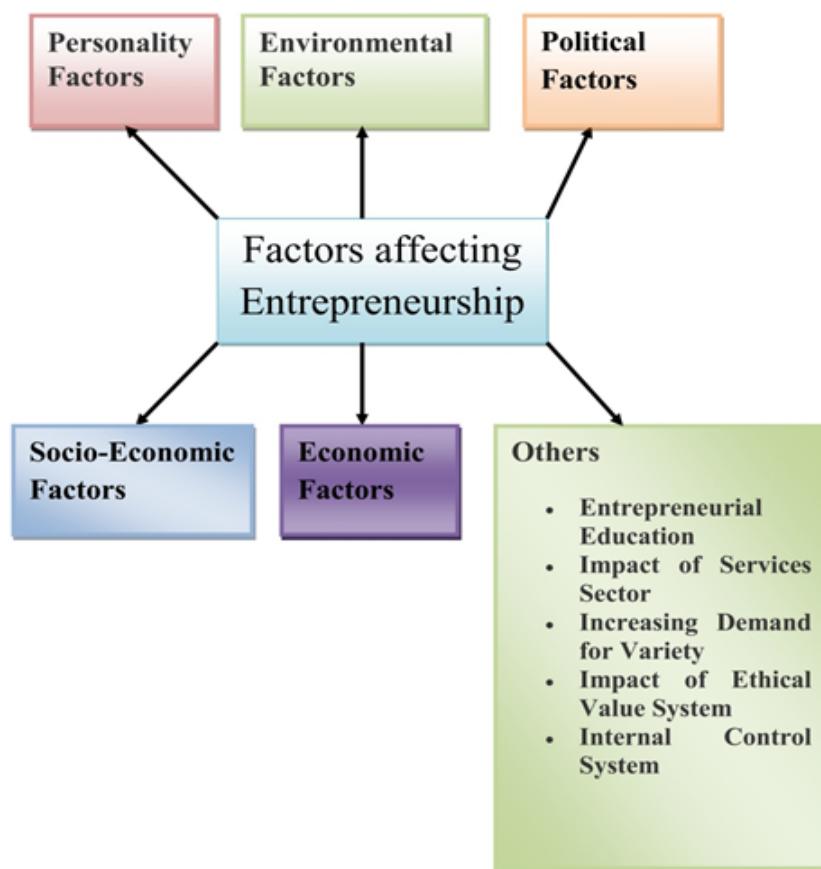


Fig. 2.2

2.4.1. Economic Factor:

Factors such as availability of finance, labour, land, accessibility of customers, suppliers are the factors that stimulate entrepreneurship. Capital is one of the most important prerequisites to establish an enterprise. Availability of sufficient capital affects the introduction, survival and growth of a business enterprise. Capital is regarded as lubricant to the process of production. If we increase in capital investment, capital output ratio also tends to increases. This results in increase in profit, which ultimately goes to capital formation. Due to this capital supply increase, entrepreneurship also increases.

2.4.2. Socio-Economic Factors:

The entrepreneurial activity at any time and place is governed by varying combination of socio-economic factors. The empirical studies have identified the following socioeconomic factors:

- Cast/religion
- Family background
- Level of Education
- Level of perception
- Legitimacy of Entrepreneurship
- Migratory character
- Social Mobility
- Social Security
- Investment capacity
- Ambition/motivation

2.4.3. Personal Factors:

McClelland assumes 'that achievement motivation is the immediate cause of the origin of entrepreneurship. He explained entrepreneurial growth in terms of need for achievement motivation. Thus, he found high correlation between need for achievement and successful economic activities. Personality traits such as inner desire for control of their activities, tolerance for risk, high level of tolerance to function in adverse situations and background experiences such as the family environment, level of education, age and work history tolerance for ambiguity are important personal characteristics that affect entrepreneurship. Individuals who are desirous of working independently; willing to work for long hours and assume risk; are self-confident and hard-working are likely to be more successful as entrepreneurs than those who do not possess these qualities.

2.4.4. Political:

Some researchers felt that the growth of entrepreneurship cannot be explained fully unless the political set-up of a country is taken into consideration. Boulding held that political structure was the deciding factor in entrepreneurial growth of France and Russia. Similarly, Hoselitz argued that France lagged behind economically because his social structure did not provide sufficient incentives and security to entrepreneurs. Medhora also concluded that the entrepreneurial growth in India was delayed not because of lack of entrepreneurial motivation but due to non-commitment of the political structure.

2.4.5. Deregulation and Privatization:

Phillips (1985) gives evidence that small firms are dominant in the increase of entrepreneurial activity in sectors that have been recently deregulated. Liberal economic policies in China have led to phenomenal growth fuelled by entrepreneurs. The collapse of communism in Eastern Europe has led to thriving entrepreneurship in the new free-market economies. Even in the rest of the world, conservative economic policy has given way to a brave new approach that has led to broad level deregulation across industries. Now companies have to deal with fewer licenses and fewer governmental controls. Many state-owned enterprises have also been privatized leading to a greater role of the private sector in general and entrepreneurs in particular.

2.4.6. Internal Control System:

Entrepreneurship largely depends upon the control system designed for controlling the business activities. If the control system is effective they will result in optimal inventory, good quality products and high profit margins. This will have a positive effect on the success of entrepreneurship.

2.4.7. Government Incentives ad Subsidies:

Loveman and Sengenberuer (1991) have discussed the positive role of government incentives and subsidies. In India, there are incentives being given by both the state and central government, many of the incentive are often sector specific, being given by the concerned ministry. Similarly, entrepreneurship is being encouraged in many countries with a variety of incentives such as tax breaks, preferred sourcing or grants. Performance, in terms of economic growth, is shaped by the degree to which the prevalent industry structure efficiently utilizes scarce resources.

2.4.8. Impact of Ethical Value System:

Max Weber was first to point out that the entrepreneurial growth was governed by the ethical value system of the society concerned. He said that the spirit of rapid industrial growth depends upon a rationalized technology, acquisition of money and its rational use for productivity and multiplication of money. These elements depend upon a specific value orientation of individuals. Robert Kennedy and Yale also held the view that entrepreneurship developed rapidly in those societies where ethical values provided independent capacity of decision making. No doubt, this view has some truth but it was not accepted universally.

2.4.9. Increasing Demand for Variety:

Increased wealth has led to increase in the demand for variety (Jackson 1984). The increasing demand for new products is of advantage to smaller firms. A number of studies have shown the comparative advantage of smaller firms in being innovative and coming up with new products (Prusa and Schmitz 1991, Rothwcll 1984). If the products has unmet demand, it will create a market for itself. The success of entrepreneurship is, therefore, dependent upon the extent to which the product is in demand. Changes in consumer tastes are a major reason for growth of entrepreneurship (Brock and Evans 1989). People are, inclined to products that are specifically designed to meet their special needs. Mass produced homogenous goods do not enjoy as wide an appeal anymore. Jovanovic (1993) states that large firms have not been comfortable entering into niche markets.

2.4.10. Impact of Services Sector:

Increase in per capita income leads to a greater share of the services sector in the national economy (Inmar 1985). The average size of firms' in many sections of the services sector are relatively small. This in turn promotes entrepreneurial activity across a number of service sector industries. Even for some developing countries such as India, services account for over half of the total GDP. Growing importance of services in the overall economy has paved the way for entrepreneurial activity. New industries such as software and business process outsourcing have emerged and these have a large number of entrepreneurial firms.

2.4.11. Work Environment:

If the environment that an individual is working in is unsatisfactory, that is, not conducive to his growth needs, it is likely that the individual will quit his job and start his own business as an entrepreneur. Unsatisfied personal needs for growth and achievement in employment conditions results in successful entrepreneurship.

2.4.12. Easier Access to Resources Promotes Entrepreneurship:

Today, it is easier for an entrepreneur to access debt and equity finance than ever before. Not just capital, most other factors of production are now easily available to entrepreneurs. With greater flow of information, it is easier to contact and to deal with resource providers such as raw material suppliers and dealers of capital goods. Also, many business services are now tailored to suit.

2.4.13. Career Transitions:

Career transition points are circumstances in which an individual is moving between one type of career-related activity and another. Retirement from existing service or completion of a degree course is the factors that boost up a person's morale to start a venture of his own.

2.4.14. Entrepreneurial Education:

More and more people with high academic attainments started joining the ranks of industrialists, especially the professionals holding qualifications in engineering, law, medicine, cost and chartered accounting. The newer entrepreneurs have a larger proportion of their floatation in the traditional sector, but these professionals have by and large preferred to make their investments in modern sector. The technicians in particular among both old and new entrepreneurs have entered industries in the modern sector having a bearing of their academic qualifications.

Many universities and institutes are nowadays offering entrepreneurship education. A number of institutes have set up successful entrepreneurship centers, which provide help to budding entrepreneurs by conducting formal training and structured mentoring programmes.

2.4.15. Entrepreneurial Ecosystem & Support Infrastructure

A supportive ecosystem includes incubators, accelerators, co-working spaces, mentorship, expert advisory, and networking events. Universities and research institutions that actively support startups—through open innovation, perceived institutional support, and commercialization pathways—play a vital role in nurturing entrepreneurial intentions, especially among students.

2.4.16. Culture, Networks & Mentorship

Cultural norms that value risk-taking, tolerate failure, and celebrate entrepreneurial success can significantly boost startup activity. The strength and quality of networks-founder connections, mentorship, referrals—are powerful predictors of venture success, even more so than initial funding or team size.

2.4 SUMMARY

Any economy can develop to its extent if it has entrepreneurship. It is necessary to recognize entrepreneurial role as a separate and important factor of production. Large industrial units and business houses also play an important role in developing and sustaining new entrepreneurship. For this, it should be noted that while the growth of entrepreneurship in India in the last 25-30 years have been remarkable, entrepreneurship is still a comparatively scarce factor in India, as indeed in all developing countries.

The growth of entrepreneurs and entrepreneurship is a vital engine for economic development, job creation, and innovation. A range of interrelated factors determines the success and expansion of entrepreneurial activity. Economic factors such as access to finance, availability of markets, infrastructure, and government support play a critical role. Social and cultural influences—including education, societal attitudes, and support networks—also significantly shape entrepreneurial behavior. Additionally, political stability, legal frameworks, and technological advancements further impact entrepreneurial growth. Understanding and enhancing these factors can foster a more supportive environment.

2.5 SELF ASSESSMENT QUESTIONS

- 1) State the factors that affect entrepreneurship?
- 2) Discuss the growth of entrepreneurs and entrepreneurship?
- 3) To what extent do cultural and social factors, such as attitudes toward risk and family support, affect entrepreneurial growth in a given society?
- 4) How do economic factors such as access to capital and market demand influence the growth of entrepreneurship in developing countries?

2.6 REFERENCE BOOKS

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LESSON-3

ENTREPRENEURIAL CULTURE AND SPIRIT: ASSESSMENT OF ENTREPRENEURSHIP QUALITIES AND PERSONALITIES, ENTREPRENEURSHIP SKILLS

3.0 OBJECTIVES:

After reading this chapter, students will understand

- Know about the qualities of the entrepreneur
- Explore various personality characteristics and skills of a successful entrepreneur.

STRUCTURE:

3.1 INTRODUCTION

3.2 ASSESSMENT OF ENTREPRENEURSHIP QUALITIES AND PERSONALITIES

3.3 ASSESSMENT OF ENTREPRENEURSHIP SKILLS

3.4 SUMMARY

3.5 SELF ASSESSMENT QUESTIONS

3.6 REFERENCE BOOKS

3.1 INTRODUCTION

As we enter the third millennium, small firms, new firms and entrepreneurialism have become the focus of economic activities. These are the by-words of business, the latest fashion in the fashionable world of business education. The world is rapidly changing; we should be able to change our attitudes and approaches accordingly. Process of development includes creation of appropriate infrastructure and setting up and management of public utilities. Similarly, application of modern scientific techniques in agriculture has become imperative for providing a sound base for a more rapid growth of employment and incomes. There is also a need for rapid growth of distributed industries in a multi-directional way. Apart from land, labour and capital, there is greater need for entrepreneurs to strive for growth on an ongoing basis.

The key to growth is to foster entrepreneurial culture, Peter Drucker writes, “The emergence of the entrepreneurial society may be a major turning point in history”. In fact, entrepreneurs are the builders of a nation and creators of humanity by their innovative vision, dynamic leadership and creative decision behaviour. Entrepreneur is the central figure of economic activity and motivator of development. Indian entrepreneurs will have, therefore, to draw up their futuristic vision by way of redefining their purpose and mission and resetting their attainable objectives, and developing long-term strategy against the background of emerging opportunities and impending threats inherent in domestic and global environments on the one hand and competencies and weaknesses, on the other.

3.2. ASSESSMENT OF ENTREPRENEURSHIP QUALITIES AND PERSONALITIES

An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them. Although many people come up with great business ideas, most of them never act on their ideas but Entrepreneurs do. The process of creative destruction, in which entrepreneurs create new ideas and new businesses that make existing ones obsolete, is a sign of a vibrant economy.

The characteristics or qualities of entrepreneur as an individual are essential to contribute to the success of an enterprise. An entrepreneur possesses the following characteristics:

3.2.1) Innovator:

Within the constraints of available resources that society or a nation offers, entrepreneurs make the best use of them. Entrepreneurs have a creative vision to recognise a business opportunity. An entrepreneur should have creative thinking and be able to engage in the analysis of various problems and situations in order to deal with them. An entrepreneur introduces new products, new technologies and new economic activities. He creates new demands and new aspirations and new methods to fulfil them. Entrepreneur should anticipate changes and must be able to study various situations in which decisions may have to be made. Drucker Writes, “Entrepreneur create something new, something different, they change or transmute values”.

3.2.2) Motivation towards Achievement:

A successful entrepreneur should have a strong motivation towards the achievement of a task and must be able to exert considerable efforts in getting things done by others. He has strong urge to achieve. He has a more aggressive level of entrepreneurial venturing, and need achievement.

3.2.3) Ability to Handle Uncertainty:

The ability to handle uncertainty is critical because these business builders constantly make decisions using new, sometimes conflicting information gleaned from a variety of unfamiliar sources. Based on his research, entrepreneurial expert Amar Bhide says that entrepreneurs exhibit “a willingness to jump into things when it’s hard to even imagine what the possible set of outcomes will be.”

3.2.4) Moderate Risk Taker:

Entrepreneurs are not wild risk takers but are instead calculating risk takers. Unlike “high-rolling, riverboat” gamblers, entrepreneurs rarely gamble. Their goals may appear to be high-even impossible-in others’ eyes, but entrepreneurs see the situation from a different perspective and believe that their goals are realistic and attainable. They usu-ally spot opportunities in areas that reflect their knowledge, backgrounds, and experi-ences, which increase their probability of success. Entrepreneurs prepare themselves to anticipate problems, create ways to share those problems with suppliers, creditors etc. and minimise the risk by creating likely-to-be successful ventures. In other words, successful entrepreneurs are

not as much risk takers as they are risk eliminators, removing as many obstacles to the successful launch of their ventures as possible. One of the most successful ways of eliminating risks is to build a solid business plan for a venture.

3.2.5) Skill for Organizing:

A true entrepreneur is one who has the ability to mobilize resources in the best possible manner for achieving the business objectives. Entrepreneurs know how to put the right people together to accomplish a task. Effectively combining people and jobs enables entrepreneurs to transform their vision into reality.

3.2.6) Goal Oriented:

Entrepreneurs are highly goal-oriented and specifically aim at producing goods and services that represent unmet needs of consumers. He adopts a 'hands-on' approach. Entrepreneur is planner and doer, dreamer and action-taker. He implements what he visualises. An entrepreneur must be able to set realistic but challenging goals for him as well as for others in the organisation.

3.2.7) Desire for Responsibility:

Entrepreneurs feel a deep sense of personal responsibility for the outcome of ventures they start. They prefer to be in control of their resources, and they use those resources to achieve self-determined goals.

3.2.8) Emotional Stability and Self-control:

Emotional health is a must for entrepreneurs to meet the challenges of exploiting a new business opportunity. Successful entrepreneurs believe in control being exercised from within. They believe in imposing control on themselves and their enterprises rather than leaving their success to fate.

3.2.9) Communication Ability:

This ability pertains to communicate effectively. As a leader an entrepreneur communicates effectively with all concerned such as financiers, employees, customers, suppliers, creditors and all who are concerned with the new enterprise.

3.2.10) Future Orientation:

Entrepreneurs look ahead and are less concerned with what they did yesterday than with what they might do tomorrow. Not satisfied to sit back and revel in their success, real entrepreneurs stay focused on the future. Whereas traditional managers are concerned with managing available resources, entrepreneurs are more interested in spotting and capitalizing on opportunities.

3.2.11) Commitment and Dedication:

Entrepreneurs must work with dedication and commitment to launch successful business enterprises. The commitment from the entrepreneur for longer period may be 5 to 10 years is necessary for conceptualization, building and running an enterprise. Entrepreneurship is hard work, and launching a company successfully requires total commitment from an entrepreneur. Most entrepreneurs have to overcome seemingly insurmountable barriers to launch a company and to keep it growing. That requires commitment.

3.2.12) High Level of Energy:

Entrepreneurs are more energetic than the average person. Managing resources and running an enterprise calls for long hours of work for longer period of time and hence an entrepreneur is a man of high energy level.

3.2.13) Flexibility:

One hallmark of true entrepreneurs is their ability to adapt to the changing demands of their customers and their businesses. In this rapidly changing global economy, rigidity often leads to failure. As our society, its people, and their tastes change, entrepreneurs also must be willing to adapt their business to meet those changes. When their ideas fail to live up to their expectations, successful entrepreneurs change them.

3.2.14) Technical Knowledge:

An entrepreneur must have a reasonable level of technical knowledge. This is the one ability that most people are able to acquire if they try hard enough. The entrepreneur should have a keen desire to change and adopt new industrial or commercial technology available in the market.

3.2.15) Mental Ability:

An entrepreneur will be a man of high level intelligence, creative, thinking and decision maker. He must be able to engage in the analysis of various problems and situations in order to deal with them. The entrepreneur should anticipate changes and must be able to study the various situations under which decision have to be made.

3.2.16) More than a Manager:

An entrepreneur is more a true leader and less a manager. An entrepreneur builds up his team, educates them, keeps high level of motivation and also provides an environment for creative and focused to work culture. He is the leader of the team. He inspires loyalty and hard work to raise productivity and efficiency. He has the ability to become market leader.

3.2.17) Problem Solver and a Decision Maker:

In the initial phases of an enterprise many teething problems do occur and an entrepreneur should be a creative problem solver to turn difficulties into advantages. Entrepreneurs face lots of problems right from the conception of an idea to its implementation. Entrepreneurs who are decisive arrive at the right solution to the problem by spending the least possible time and money. Lack of ability to solve problems will result in most of the problems remaining unresolved.

3.2.18. Desire for Immediate Feedback:

Entrepreneurs enjoy the challenge of running a business, and they like to know how they are doing and are constantly looking for feedback.

3.2.19. Human Relation Ability:

Tactful and warm human relation is an important factor which brings success to an entrepreneur. An entrepreneur who maintains good relations with customers, employees, suppliers, creditors and the community is much more likely to succeed in his business than the individual who does not invest in maintaining these relations.

3.3 ASSESSMENT OF ENTREPRENEURSHIP SKILLS

As early as the 1950s, researchers began looking for personality factors that determine the potential of a person to be an entrepreneur. The scanning of their personal characteristics shows that there are certain characteristics of entrepreneurs which are found usually prominent in them. These so called entrepreneurial characteristics can be looked at to determine a set of skills useful for an entrepreneur to possess. It is unlikely that all these skills will be present in sufficient measure in all potential entrepreneurs. For example: some people may have the creative talent to generate new ideas but lack the ability to organize resources, and others may have a compelling need to achieve but lack the resourcefulness to create a new venture. Many of these individuals with a limited profile based on traits will start new businesses and succeed. Others with a majority of the traits may start new businesses and fail.

It is prudent for the entrepreneur to take stock of what might be lacking and acquire those skills through training. For example, analytical ability and computational skill can be enhanced by education at school and university, while practical knowledge and foresight skills can be enhanced by the general experience of everyday life. A true entrepreneur besides possessing functional qualities must also possess a broad personality which helps in developing initiative and drive to accomplish great tasks and face challenges squarely. If we go through the business history of India, we come across the names of persons who have emerged as successful entrepreneurs. For example, Tata, Birla, Modi, Dalmia, Kirlosker, Bajaj, Mittal and others are well-known names of successful entrepreneurs in the country who started their business enterprises with small size and made good fortunes.

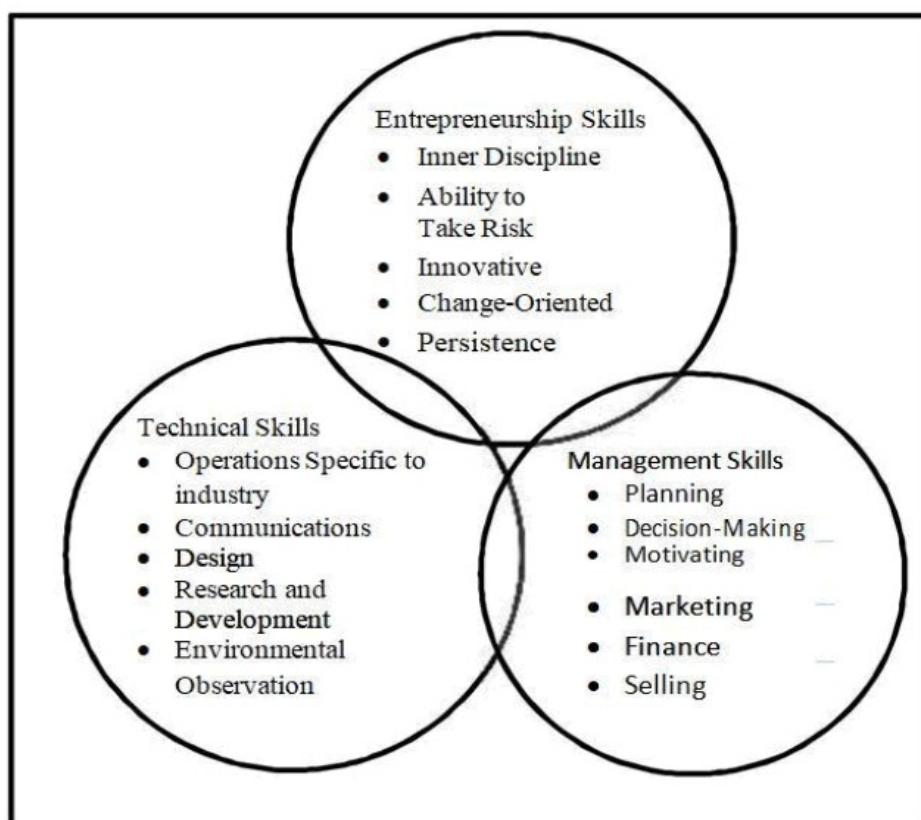


Fig. 3.1: Entrepreneurship Skills

3.3.1. MARKETING SKILLS AS ONE OF SMART SKILLS FOR YOU AS AN ENTREPRENEUR:

Any company is nothing without customers. You sell to them and get money from them. Without customers, you will not have enough money to finance your normal business operations. You will need marketing skills to ensure that you can provide enough customers who will buy products and services that you sell. Different marketing techniques to increase the visibility of your company will require different skills from your side.

3.3.2. SALES SKILLS:

This is maybe the most important entrepreneurial skill you need to have. Startup company cannot survive if you don't sell something to your customers. Probably tomorrow you will have your own sales team, but if you are in a startup stage, you will need to close as much as possible sales for your business. Because of that, you will need to have excellent sales skills that will enable continuous cash flow for your business.

3.3.3. COMMUNICATION SKILLS:

As an entrepreneur, you will have daily communication with your customers, your potential customers, your employees, and your suppliers. You need to enable that the other side will listen to you when you're talking about your company. On the other side, you should have a strong command of English to be able to freely communicate with people and express your ideas. We highly recommend taking courses in English if you feel that your English is far from perfect now.

3.3.4. NEGOTIATION SKILLS:

Everything in business is based on your negotiation skills. You'll negotiate with your customers to make a deal. You will negotiate with your suppliers also to make a deal in your favor. You'll negotiate with your partner. Sometimes, you will negotiate with the community where your company is located. So, you need to start developing your negotiation skills as one of the smart skills for you as an entrepreneur.

3.3.5. NETWORKING SKILLS:

Before you start your business, in the time of startup and after that as long as your company is live, you must build your personal and business network. How much better and extensive networks you can create, more success can you provide for your company.

3.3.6. MANAGERIAL SKILLS:

Regardless if you like it or not, you will always need to manage your company. You'll plan, recruit, motivate, control, and educate. Managerial skills are essential to your business success.

3.3.7. FINANCIAL SKILLS:

You have a business that sells something in exchange for money. So, you need to have specific smart skills related to revenue, costs, profit, taxes, cash flow, break-even, etc. One of the most important things is to ensure enough funds to finance your small business.

3.3.8. SELF-MOTIVATIONAL SKILLS:

As an entrepreneur, you will have too many tasks that only you must accomplish. You don't have the boss who will tell you what you must do today. Your wife can't tell you anything about today's tasks in your own company. Procrastination in your company is something dangerous. Because of that, you'll need self-motivational skills that will enable you to know when you must start something without delay and when you must stop.

3.3.9. TIME MANAGEMENT SKILLS:

Too many activities and too many tasks that require your engagement will make your day to look like chaos. You need to know all of your importance and priority. You must know what and when must something to be finished. When you wake up in the morning, you must wake up with a clear plan for today's tasks. So, use it to improve your time management skills if you want to become a high achiever.

3.3.10. LEADERSHIP SKILLS:

As an entrepreneur, you'll lead. Everything that you do in your company, your employees will also do. If you add value to your activities, your employees will also add value to their actions. You'll merge different people with different backgrounds, knowledge, skills, and experience in your business cause.

A related stream of research examines how individual demographic and cultural backgrounds affect the chances that a person will become an entrepreneur and be successful at the task. For example, the review done by Binanchi (1993) indicates the following characteristics of an entrepreneur:

- Being an offspring of self-employed parents
- Being fired from more than one job
- Being an immigrant or a child of immigrants
- Previous employment in a firm with more than 100 people
- Being the eldest child in the family
- Being a college graduate

Because there are drawbacks to using demographic characteristics to describe entrepreneurs, perhaps we can learn something about who entrepreneurs are by looking instead at their personality characteristics. For instance, one list of personality characteristics included the following:

- High level of motivation
- Abundance of self-confidence
- Ability to be involved for the long term
- High energy level
- Persistent problem solver
- High degree of initiative, ability to set goals
- Moderate risk-taker.



Fig. 3.2: Characteristics of Successful Entrepreneurs

3.4 SUMMARY

The definition of an entrepreneur has evolved over time as the world's economic structure has changed and become more complex. An entrepreneur is someone who initiates and actively operates an entrepreneurial venture. Entrepreneurs can be described by their characteristics using things such as demographic profiles, personality profiles. Entrepreneurs engage in a variety of activities, including exploring the entrepreneurial context, researching the venture's feasibility, planning the venture, organizing the venture, launching the venture, and managing the venture.

The challenges of being an entrepreneur include being comfortable with change and uncertainty, making a bewildering number of decisions, facing tough economic choices, being comfortable with taking risks, needing many different skills and talents, and being comfortable with the potential of failure. The rewards of being an entrepreneur include having a high degree of independence, getting to use a variety of skills and talents, having the freedom to make decisions, being accountable to only you, having the opportunity to tackle challenges, experiencing feelings of achievement and pride, and having the potential for greater financial rewards.

3.5 SELF ASSESSMENT QUESTIONS:

- 1) Describe the qualities and personalities of entrepreneurship?
- 2) What do you mean by an 'Entrepreneur'? Describe the various characteristics and skill of an entrepreneur?

3) How do communication skills and leadership qualities contribute to the long-term success of an entrepreneur?

3.6 REFERENCE BOOKS:

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Dr. Jalaja Kumari. Divi

LESSON-4

ENTREPRENEURIAL MOTIVATION: THE MOTIVATING FACTORS, ENTREPRENEURIAL AMBITIONS, COMPELLING FACTORS, FACILITATING FACTORS AND ACHIEVEMENT MOTIVATION

4.0. OBJECTIVES:

After reading this chapter, students will understand

- Know about the entrepreneurial ambitions, compelling and facilitating factors.
- Know about entrepreneurial motivating factors and achievement motivation.

STRUCTURE:

- 4.1 INTRODUCTION**
- 4.2 ENTREPRENEURIAL MOTIVATING FACTORS**
- 4.3 IMPORTANCE OF MOTIVATION**
- 4.4 ENTREPRENEURIAL AMBITIONS**
- 4.5 ENTREPRENEURIAL COMPELLING & FACILITATING FACTORS**
- 4.6 ENTREPRENEURIAL ACHIEVEMENT MOTIVATION**
- 4.7 SUMMARY**
- 4.8 SELF ASSESSMENT QUESTIONS**
- 4.9 REFERENCE BOOKS**

4.1 INTRODUCTION

All the human beings have a desire to have one or more needs to be satisfied for one or another reason. This happens due to the result of dissatisfaction of present situation. In other words, need arises from the dissatisfaction. The person is directed to do something to satisfy the need, and therefore he put his all the efforts till the need is satisfied fully. During this period, through feedback he changes his behaviour so that he can work in right direction to achieve goal. As soon as the goal is achieved the dissatisfaction is over, but the needs are constant and infinite, therefore the process remains continued.

Motivation is a behavioral related general phenomenon, but to motivate entrepreneur there are some social goals which are listed hereunder:

1. Continuous Process

Motivation is a continuous or never ending process. It is so because human needs, desires, wants or wishes are endless. All of them can never be satisfied simultaneously. Satisfaction of one need, gives rise to another need. Therefore, motivation process goes on forever.

2. System-Oriented

Motivation is system-oriented. It is the system that contains three main factors:

- Factors operating within an individual i.e. his needs, aspirations, wants, wishes, values etc.
- Factors operating within the organization such as organization structure, technology, physical facilities, work environment etc.
- Factors operating in external environment such as custom, norms of society, culture etc. Motivation is the result of interaction among these factors.

3. Need-Satisfying Process

Motivation is a need satisfying process. An unsatisfied need creates tension that stimulates drives within an individual. These drives generate a search behavior to find particular goals that will satisfy the need and reduce tension.

4. Dynamic Process

Motivation is a dynamic and complex process. It is so because it is related to human behaviour which is never static but dynamic. It keeps on changing continuously.

5. Motivation is Internal Feeling

Motivation is internal feeling of an individual. It points out the energizing forces within an individual that direct or influence him to behave in a particular way.

6. A Psychological Concept

The concept of motivation is mainly psychological. It relates to those forces operating within the individual employee which impels him to act or not to act in certain ways.

7. Energizing Force

Motivation is the process that energizes or encourages individuals to put in effort to achieve organizational goals and to satisfy their needs.

8. Willingness to Exert Effort

Motivation is the willingness of an individual to exert effort in the pursuit of organizational goals and to satisfy some individual needs.

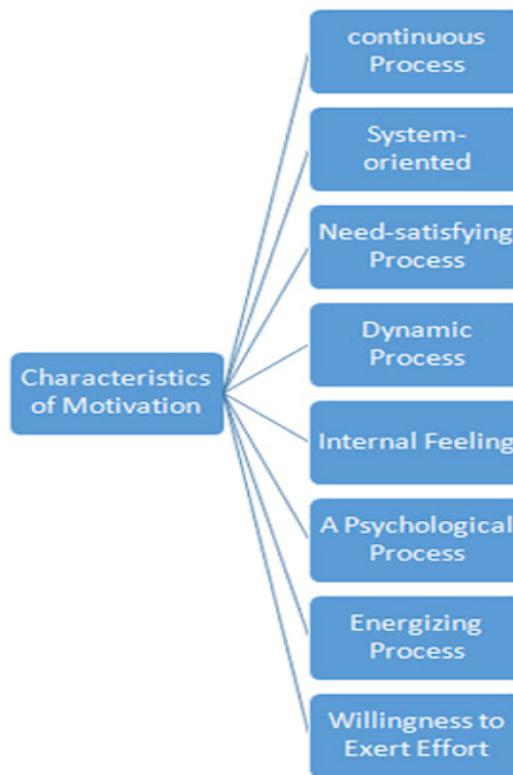


Fig 4.1: Characteristics of Motivation

4.2 ENTREPRENEURIAL MOTIVATING FACTORS

All entrepreneurs have their own respective journeys to start their companies. There is no “one size fits all” theory or strategy that works for everyone who wishes to be an entrepreneur. However, there are certain peculiar factors that do play a pivotal role in motivating and inspiring people to own a startup.

Of course, there are many factors that hold significant importance in driving people insanely crazy for being their own bosses. However, keeping in mind the word limit, in this article, we will cover the 5 most amazing factors that, literally and figuratively, drive people towards entrepreneurship.

4.2.1. PASSION:

You cannot be a lifeless soul who doesn't believe in anything and neither wishes to believe. An entrepreneur needs to know how to take calculative risks that sometimes, involve a lot of things at stake. The courage of taking risks usually comes from having faith in something. And, faith usually arises when one has passion towards something. You go to any motivational speaking seminars and you will see every speaker talking about the importance of passion in starting a business. Success of a company is directly proportional to hard work and perseverance of the owner. It is, however, passion of the owner that pushes them to work hard. The energy of passion can take your business all over the world. In addition, it helps in keeping us going during days when money isn't coming and work isn't happening. So definitely, passion is a key motivating factor that drives people towards entrepreneurship.

4.2.2. SELF-RELIANCE

Let's talk about being self-reliant, which is another key motivational factor that drives more than half of the world's population towards entrepreneurship. One of the biggest problems with working for someone else is that you are almost never given the freedom to solve a problem on your own. It is always about getting permissions from higher authorities along with finishing mysterious paperwork for the same. For some, that turns out exactly to be the key reason for starting their own company. Entrepreneurs are very creative people, and they don't want to slow down their creativity for any reasons. It's the sense of freedom, independence, self-reliance that motivates them to entrepreneurship.

4.2.3. FEELING OF ACCOMPLISHMENT

For some of us, the feeling of pride that comes along in making a difference in the society is what plays a crucial role in establishing a venture. It's the pride and a sense of accomplishment that one feels in offering services to the community makes one attracted to entrepreneurship. Every night before you go to bed, you see yourself feeling satisfied with your day work, it is this exact feeling why people would want to work for themselves. It is about doing the best that you can for your customers, striving hard for excellence in all the endeavors drives them to start a company.

4.2.4. PERSONAL GROWTH

In real sense, when you run your own business, you really come to know what you are made of. The kind of adversities that you face on daily basis help you become more aware of you as a person, and also helps you grow phenomenally. When you start working for yourself, you have nobody to fall back on. You have no option but to work on your weaknesses in order to make your business grow. For instance, if you don't have the mastery over online marketing then you have no other choice but to cultivate the skills of learning online marketing.

4.2.5. SENSE OF CONTROL

In my opinion, a sense of control over things comes across as the most profound reason for being an entrepreneur. Most of the entrepreneurs get fascinated by the sense of immense security that comes in being your own boss. You feel as if you are in complete control of your work and people around. It's the sense of security and control that helps in driving the entrepreneurial skills of a person.

4.3 IMPORTANCE OF MOTIVATION

Motivation is regarded as one of the most important functions of management. Importance of motivation can be hardly being overemphasized. Highly motivated people can make things happen in organization. The importance of motivation is summarized in the following points.

1. Positive Feeling of Employees

Effective motivation system inspires employees to do work or to take action. It prepares them to do their work with full devotion. It creates willingness among the employee to perform their work with great enthusiasm, zeal and loyalty.

2. Higher Performance

Highly motivated employees perform better and higher as compared to the employees with low level of motivation. Motivation is the mainspring of performance. Without motivation, the other contributors to performance become rather irrelevant.

3. High Productivity

Motivation increases the productivity of the employees. It utilizes the ability, potentiality, efficiency etc. of the employees. Once the employees are motivated, they do the work heartedly. And this ultimately increases the productivity of the employees and organization.

4. Change of Behavior

It is a research based fact that properly motivated employees are more receptive to new things and ready to accept change. This attitude facilitates to introduce change and keep the organization on the path of progress.

5. Acceptance of Change

Change is the most for organizational and personal development. Through motivation, one can bring change in the resistivity to change behavior of the employees. This helps in accepting the organizational change. Therefore, motivation is important to accept the organizational change.

6. Better Employee Relation

A good motivation system creates congenial work environment and job satisfaction. Employees tend to work with cooperative spirit and in a disciplined manner. Management also offers them better wages and incentives. Hence, chances of conflict are greatly reduced. All this leads to better employee relations.

7. Satisfied Human Resource

A sound motivation system ensures proper supply of motivated human resource. Such a system in an organization can also ensure the satisfaction of needs and aspirations of individuals. Thus, it can attract and retain satisfied human resource in the organization.

8. Effective Utilization of Resources

Motivation helps in utilizing the resources. The motivated employees never let the resources go for wastage. They utilize the resources in an optimum way. They always work hard for the betterment of the organizational development and try to give maximum satisfaction from the minimum resources.

9. Reduction on Absenteeism and Employee Turnover

When the employees are motivated, they are much satisfied with the organization. Because of this, there is low absenteeism and turnover. They stay in the organization for the longer time. When organizations do not do any activities for motivation, then there is high turnover and absenteeism. This high absenteeism and turnover create problems which do not help in realizing the goal of an organization.

10. Boosts Morale

Morale refers to the attitude and feelings of employees about their work and work situation. Through motivation, employee attitudes and feelings towards work can be improved. This in turn boosts employee morale.

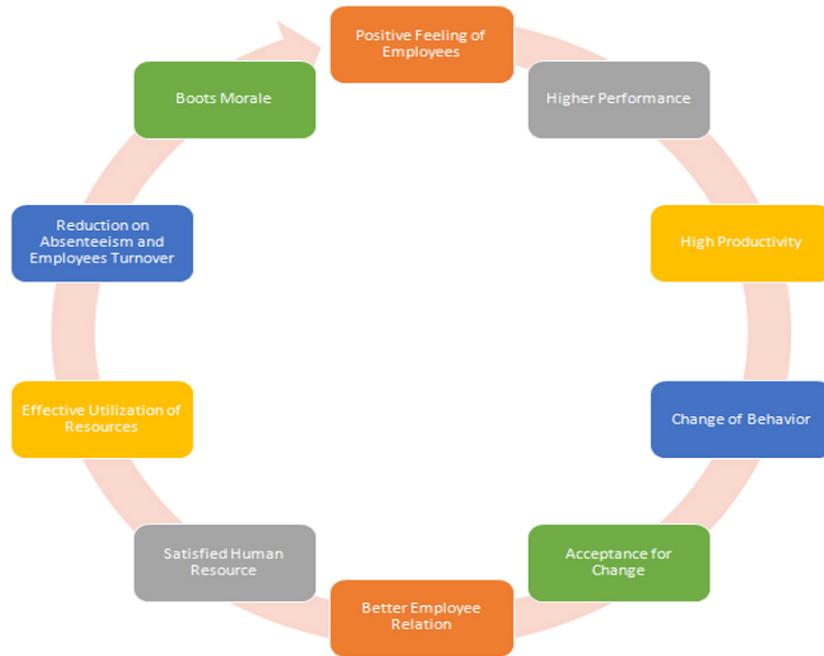


Fig 4.2: Importance of motivation

4.4 ENTREPRENEURIAL AMBITIONS

Ambition is the force of all motives. The intentions and initiatives of all men are directed by his ambition. It is the ambition that directs man's action. The common saying that 'aimless life is a goalless game' emphasizes the importance of ambition in life. But ambitions may differ from individual to individual on the basis of personal taste and preferences, and from family to family depending upon the circumstances and the priorities which they have set for themselves. Sometimes, personal aspirations come in the way of family aspirations. Whoever it may be, aspirations change with the change in time. Ambition is not something which is not similar to greed. Well conceived notions, careful planning, and timely decision making make the ambition meaningful (Gangadhara Rao N, 1986).

Among the subjective factors that act as a motive force for an individual's life, his ambition ranks first. It is his ambition that gives colour and direction to his career. The ambition of the individual puts his pressure on the need for achievement and this in turn, motivates him to play an active role to realize his ambitions (Murali Krishna S, 2007). Ambitions or aspirations motivate men, activise them, broaden their vision and make the life meaningful. Ambition is an index of one's own resourcefulness. Like an individual, nations or regions or families may have their own ambitions which speak of their resourcefulness. The ambition builds up the achievement 'pressure' in the individual concerned and it seems reasonable to infer that he has a strong 'inner concern' with achievement. This pressure or inner concern provides the basis for McClelland's n-factor rating. (McClelland, 1967).

The statement that people are poor because they prefer it that way is one of the causes of poverty attributed by Galbraith (1969) for the backwardness of many Asian and African nations. Galbraith further stated that the people of those nations are lacking ambition that is why they are lagging behind others in the development (Galbraith, 1969). One of the biggest obstructions to development or growth is also deemed to be the limited aspirations of the people (Kusum Nayar, 1962).

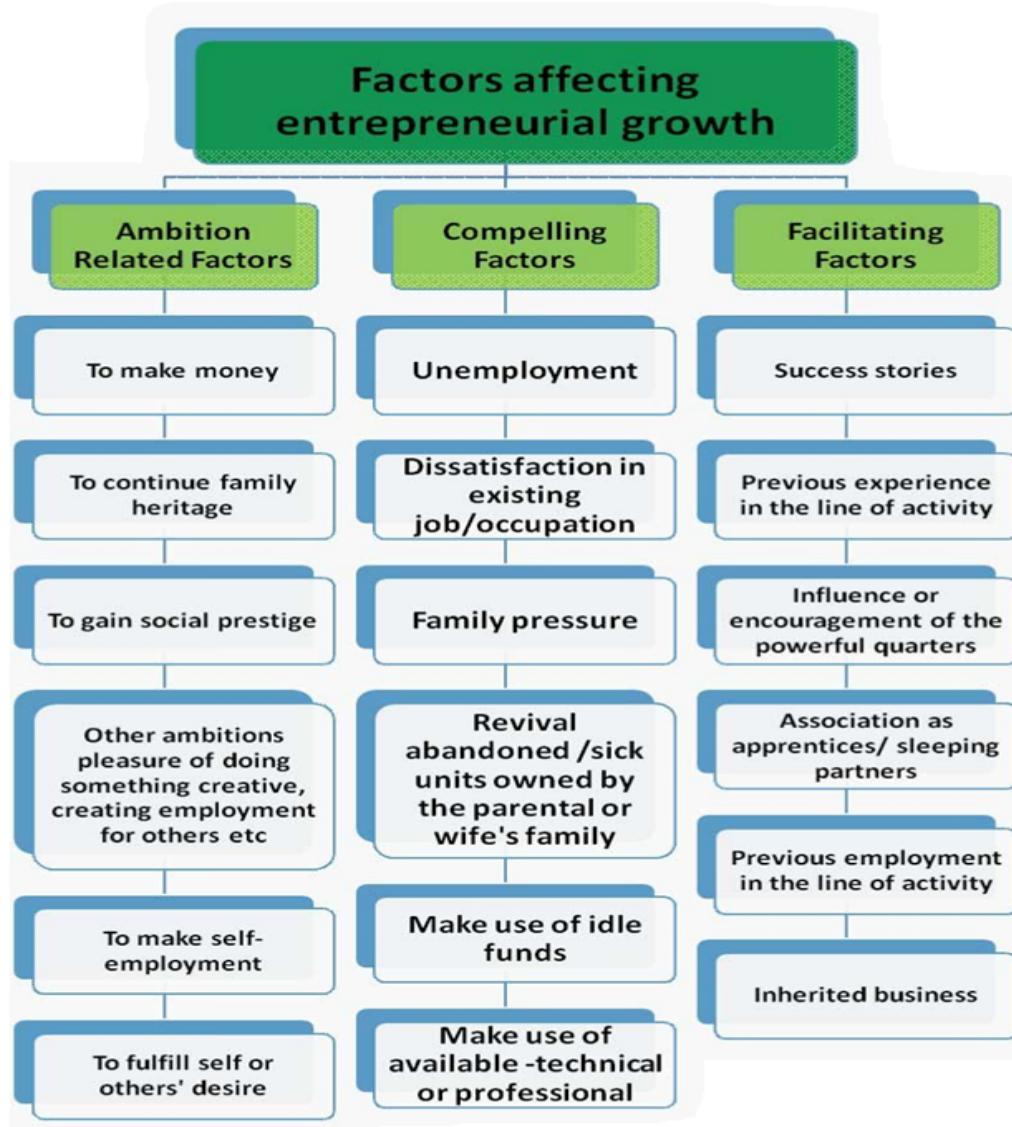


Fig. 4.3

4.5 ENTREPRENEURIAL COMPELLING & FACILITATING FACTORS

While studying entrepreneurial motivation, Murthy et.al. studied and classified the motivating factors on different basis. According to them, entrepreneurs are motivated to start business enterprises due to the following three types of factors:

- 1) Ambitious factors
- 2) Compelling factors
- 3) Facilitating factors.

In another study on motivating factors, which was undertaken by P.N.Mishra regarding Indian Entrepreneurs, the factors prompted them to promote their companies are divided into two major sub heads viz., internal factors and external factors.

The internal factors include:

- a) Educational background
- b) Occupational experience
- c) Desire to work freely and independently
- d) Desire to do something pioneering and innovative
- e) Family background
- f) To earn profits and to possesses weal
- g) To engage family members along with himself
- h) To possess social prestige

The external motivating factors include:

- (a) Assistance from government
- (b) Assistance from financial institutions
- (a) (c) Availability of technology/raw materials
- (c) Encouragement from big businesses
- (d) Financial assistance from non-government sources
- (e) Heavy demand for products

All the factors cannot be equally important for all types of entrepreneurs and, therefore, entrepreneurs make their own preferences for different types of factors.

The facilitating factors are success stories of entrepreneurship, previous employment in the same or other line of activity, property inherited, property acquired, encouragement from family members and encouragement from relatives and friends. Some of the factors are:

- Political stability
- Natural factors: rainfall, temperatures etc.,
- Good infrastructural development in an economy
- Favorable government policy
- Increased levels of education and skills in the economy
- Availability of markets for goods and services
- Availability of resources
- Reduced levels of competition

4.6 ENTREPRENEURIAL ACHIEVEMENT MOTIVATION

The achievement motivation is a strategic factor for the entrepreneurship development.

From the preliminary studies made by David McClelland for the entrepreneurship development it is noticed that for the growth of entrepreneurship, achievement motivation is very important factor which can be developed by training and experience. He has also stated that to get achievement some people have strong drive while others have low drive. Those who have strong drive are considered as high achiever. By providing appropriate training and environment to such people, the standard of excellence can be achieved. Those who have low drive are considered as low achiever. The motives of such people can be made alive and their implied abilities can be directed towards goal. David McClelland has made successful studies of under developed countries like India, Maxico, Malawi and made empirical conclusions as stated above. First of all he has undertaken the studies in Kakinada, Andhra Pradesh. Kakinada is an industrial town in Andhra Pradesh.

From his experiment it has made him realise that entrepreneurship is to be developed from a very young age. Accordingly, efforts have been made to develop a school curriculum that would result in a high need for achievement among the students. For this purpose, the success stories drawn from history and legends of the indigenous culture are introduced in the course curriculum to induce in young minds the "need for achievement" and strong desire to do something good/ great as they grow up. This is because the younger minds are more susceptible to change. In the study of achievement motivation, only goal achievement is not important factor but study is also made for how the goals can be achieved, what are the difficulties and how these can be removed.

David McClelland has introduced short form 'n-Ach' that means need for achievement. He has defined 'n-Ach' as "behaviour towards completion with a standard of excellence". There is a direct relationship between the high need for achievement and the successful administration with high standard of results oriented skill. For successful administration or successful entrepreneurship high need for achievement 'n-Ach' is very important factor. This factor (need for achievement) can be measured and developed by suitable training.

The acute importance of Achievement Motivation endorse the situation. A person is searching for the activities of entrepreneurship and complete the same.

The acute importance of the achievement motivation are as under:

- The person will select such incidence or situation in which the responsibility to find out the solution of the individual problems.
- For achievement motivation, the goal must be moderated and for its completion the moderate risk is to be taken.
- The work which is carried out is to be evaluated periodically and the detailed information should be provided through feedback.

For the development of the entrepreneurship, achievement motivation is very important because the successful entrepreneurs are generally more influenced by the motivation for goal achievement. Here the achievement of the goal successfully is proved to be the excellence of reward.

Characteristics of the Person Who Possesses Achievement Motivation

Achievement motivation is the inner drive or passion that pushes individuals to excel, set high standards, and strive for continuous success. It is often observed in entrepreneurs, top-performing students, athletes, and leaders. Such individuals share a unique set of personality traits and behavioral patterns, which are outlined below:

1. Strong Desire to Excel

- Explanation: These individuals are not satisfied with average performance. They aim to surpass personal or external standards.
- Example: An entrepreneur who keeps upgrading their product, even after achieving market success, just to outperform competitors or personal bests.
- Impact: This drive fuels innovation, personal growth, and a quest for excellence.

2. Goal-Oriented Behavior

- Explanation: People with achievement motivation clearly define their objectives and work diligently to accomplish them.
- Example: A student who sets a goal to be the class topper and creates a detailed study plan to achieve it.
- Impact: This characteristic leads to systematic planning and time-bound achievements.

3. Preference for Moderate Risks

- Explanation: Unlike risk-averse individuals or reckless risk-takers, achievement-oriented people choose challenges that are tough but achievable.
- Example: A business owner launching a new product only after testing it with a pilot group.
- Impact: This balanced risk appetite leads to steady progress without jeopardizing resources.

4. Need for Feedback and Self-Improvement

- Explanation: They actively seek out feedback to improve their performance.
- Example: A writer who regularly submits their work to mentors for critique to refine their skills.
- Impact: Feedback helps them measure success, correct errors, and stay aligned with their goals.

5. High Levels of Persistence and Resilience

- Explanation: They are determined and rarely give up, even in the face of failure.
- Example: A job applicant who applies to 50 companies and uses each rejection as motivation to improve.
- Impact: Persistence leads to breakthroughs and success over time.

6. Internal Locus of Control

- Explanation: They believe that success or failure is a result of their own efforts—not luck or external forces.
- Example: An entrepreneur who attributes failure to poor strategy rather than blaming the economy.
- Impact: This belief fosters responsibility, accountability, and proactive behavior.

7. Desire for Personal Responsibility

- Explanation: Such individuals want to be in control and are willing to be held accountable for results.
- Example: A project manager who takes the blame when the team fails to deliver on time.
- Impact: Leads to leadership qualities and a strong sense of ownership.

8. Future-Oriented Thinking

- Explanation: Achievement-motivated people focus on long-term goals rather than short-term rewards.
- Example: An athlete who trains rigorously every day with an eye on winning the Olympics in four years.
- Impact: This promotes patience, sacrifice, and strategic planning.

9. High Self-Confidence

- Explanation: They have a strong belief in their abilities and potential.
- Example: A young innovator who pitches their startup idea to investors without fear.
- Impact: Confidence encourages risk-taking, decision-making, and leadership.

10. Competitiveness

- Explanation: They thrive in competitive environments and seek opportunities to prove themselves.
- Example: A salesperson who aims to outperform all colleagues every month.
- Impact: Encourages continuous improvement and higher productivity.

11. Innovation and Creativity

- Explanation: They constantly look for new, better, and more efficient ways to achieve their goals.
- Example: A teacher who designs interactive learning tools to better engage students.
- Impact: Drives positive change and adaptability.

4.7 SUMMARY:

The concept of the entrepreneur should be understood in its broadest sense that he is a person who acts as an agent of change for the good of the people. He not only brings change in economy but is responsible for social development also. The professional manager today is young, dynamic, educated, skilled and professional to the core. At the same time they are well versed with the modern technology and well dressed. The professional manager translated the entrepreneurial vision into a reality by adopting his professional efficiency and managerial skills.

The entrepreneur and professional managers are, therefore, a critical input of socioeconomic development. Entrepreneurship is a key driver of economic growth. However, entrepreneurial attributes are under threat in the wake of international competition. These threats provide immense opportunities for innovation, which holds the key to a country's ability to participate and reap the benefits of globalization. A country that fosters innovation and supports entrepreneurs will emerge the strongest in the future.

An enterprise must earn profits for its own survival, for expansion, for bearing the risks and finally for the prestige of its management. But profit cannot be the sole objective of the entrepreneur. It is a means and not an end. No enterprise can last long unless along with earning profits, it continues to fulfil its obligations to the society. The ultimate objective of every enterprise has to be the good of the people. Business must be run by the people through the people and for the people.

4.8 SELF ASSESSMENT QUESTIONS:

- 1) Explain about the entrepreneurial motivating factors and achievement of motivation?
- 2) Discuss about the entrepreneurial ambitions, compelling factors and facilitating factors?
- 3) What role do personal ambitions and achievement motivation play in driving individuals to become entrepreneurs, even in the face of uncertainty and risk?
- 4) How do compelling factors such as unemployment, job dissatisfaction, or economic hardship push individuals toward entrepreneurial ventures?
- 5) In what ways do facilitating factors like access to finance, family support, and government policies enhance or accelerate entrepreneurial motivation?

4.9 REFERENCE BOOKS:

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Dr. Jalaja Kumari. Divi

LESSON-5

PROCESS OF ENTREPRENEURSHIP DEVELOPMENT: STAGE-WISE TASKS AND LEARNING REQUIRED TO PERFORM A TASK

5.0. OBJECTIVES:

After reading this chapter, students will understand

- To foster innovation by identifying opportunities and developing unique solutions.
- To develop entrepreneurial skills like leadership, finance, and strategy.
- To boost economic growth through self-employment and job creation

STRUCTURE:

5.1 INTRODUCTION

5.2 PROCESS OF ENTREPRENEURSHIP DEVELOPMENT WITH STAGES TASKS TO BE PERFORM

5.3 THE LEARNING REQUIRED TO PERFORM THE TASKS IN ENTREPRENEURSHIP DEVELOPMENT

5.4 SUMMARY

5.5 SELF-ASSESSMENT QUESTIONS

5.6 TECHNICAL TERMS

5.7 REFERENCE BOOKS

5.1 INTRODUCTION:

Introduction to the Process of Entrepreneurship Development

Entrepreneurship development refers to the process of enhancing the skills, knowledge, and mindset necessary for individuals to effectively start, operate, and grow a business. It involves a series of stages, each characterized by specific tasks that need to perform, along with the corresponding learning required at each stage. The development process not only focuses on the technical aspects of running a business but also addresses the personal and social competencies required for entrepreneurial success. By understanding and mastering these stages, entrepreneurs can navigate the complexities of starting a business, overcoming challenges, and achieving sustainable growth.

EDP is defined, as a programme designed to help an individual in strengthening his/her entrepreneurial motive and in acquiring skills and capabilities necessary for playing his/her entrepreneurial role effectively. An EDP stresses on entrepreneurial motivation and behaviour. Programme which aims at providing informational or managerial inputs or focus on preparation of project without a touch of entrepreneurial motivation and behaviour is not

considered, as an EDP. EDP helps in inculcating entrepreneurial traits into a person, imparting the required knowledge, developing technical, financial, marketing, and managerial skills, and building the entrepreneurial attitude. EDP has been recognised as an effective human resource development tool. It is primarily for developing the first-generation entrepreneurs who on their own cannot become successful entrepreneurs. EDP through its linked with it are asked. A reasonable and sensible entrepreneur will also analyse his skills and whether it matches his entrepreneurial objectives or not.

1) Developing a Plan:

After the identification of an opportunity, an entrepreneur must build a complete business plan. It is the most major step for new business as it sets a standard and the assessment criteria and sees if a company is working towards the set goals.

2) Resources:

The next step in the process of entrepreneurial development is resourcing. Here, the entrepreneur recognizes the source of finance and from where the human resource can be managed. In this step, the entrepreneur also tries to find investors for his new business.

3) Managing the Company:

After the hiring process and funds are raised now it's time to start the operation to accomplish the desired goals. All the entrepreneurs will decide on the management structure that will be assigned to resolve the operational problems whenever it occurs.

4) Harvesting:

The last step in this process is harvesting, where an entrepreneur determines the future growth and development of the business. Here, real-time development is compared with the projected growth, and then the business security or the extension is initiated accordingly.

DEFINITION OF ENTREPRENEURSHIP DEVELOPMENT:

Entrepreneurship development is the process of improving the skill set as well as the knowledge of the entrepreneurs. This can be done through various methods such as classroom sessions or training programmes specially designed to increase the entrepreneurial acumen. Another definition of this term could be the process of enhancing the capacity to develop, manage and organize a business venture while keeping in mind the risks associated with it. But instead of complicating things with big words and sophisticated terminologies, let us understand it simply. The process of entrepreneurship development is nothing but helping the entrepreneurs develop their skills through training and application of that training. It installs in them the quality of making better decisions in the day-to-day business activities.

Clear View of the Objective of the Program:

Before getting into training the prospective entrepreneurs, it is especially important to have a clear objective and plan in mind about what the program is going to encompass.

Without a proper plan and direction, the training would not yield the desired results, this would lead to a loss of time, money, effort and most of all, valuable potential.

1) Selecting the Potential Targets

It is important to select the potential targets who are willing to enhance their skills and who can be identified as the people who have some amount of business acumen. These can be further divided into two categories- the educated target audience and the uneducated target audience. Educated audience refers to the target people who have a decent educational background and want to be entrepreneurs. These people have the motivation to put their education to use by starting a venture and working for themselves.

2) Identifying Local Talents and Markets

The process of entrepreneurship development program can be seen as most effective and efficient when it is applied in the local markets and on the local entrepreneurs who know about it. These people understand and absorb the knowledge way more quickly and can apply it in the current scenario because of which the results of the program can be seen more quickly and effectively.

3) Choosing the Right Location

In India unfortunately, these programs can only be launched where support institutions and resources are available, but ideally, these programmes should be planned and launched in the areas where most people are interested and willing to take advantages of these programmes so that this opportunity can be used most effectively and there is no loss of resources.

4) Tying up with Institutions

Sometimes these programmes involve tying up with various institutions like universities, NGO, and few private institutions. This is done to give a real-world experience to assist the program and give the people idea of the situations in the real world.

5) Develop the Entrepreneurship Program as Needed

People and their skill sets are different and develop over time. Thus, it is very important to keep developing the programs to suit the needs of the people enrolled in it. Moreover, the focus must be on harnessing their strengths and working to minimize their weaknesses.

6) Analyse the Result for Future Development

This is a very important and final step in the process of entrepreneurship development. After the program has run its course, it is very important to analyze the effectiveness of the program. This is necessary to ensure that in future more effective programs can be developed. For this one has to minimize the shortcomings of the existing program.

It is useful to break the entrepreneurial process into five phases: idea generation, opportunity evaluation, planning, company formation/launch and growth.

- 1) **Idea Generation:** every new venture begins with an idea. In our context, we take an idea to be a description of a need or problem of some constituency coupled with a concept of a possible solution.

- 2) **Opportunity Evaluation:** this is the step where ask the question of whether there is an opportunity worth investing in. Investment is principally capital, whether from individuals in the company or from outside investors, and the time and energy of a set of people. But entrepreneur should also consider other assets such as intellectual property, personal relationships, physical property, etc.
- 3) **Planning:** Once entrepreneur have decided that an opportunity, entrepreneur need a plan for how to capitalize on that opportunity. A plan begins as a simple set of ideas and then becomes more complex as the business takes shape. In the planning phase entrepreneur will need to create two things: strategy and operating plan.
- 4) **Company formation/launch:** Once there are a sufficiently compelling opportunity and a plan, the entrepreneurial team will go through the process of choosing the right form of corporate entity and creating the venture as a legal entity.
- 5) **Growth:** After launch, the company works toward creating its product or service, generating revenue, and moving toward sustainable performance. The emphasis shifts from planning to execution. At this point, entrepreneur continues to ask questions but spend more of entrepreneur time conducting entrepreneur plans. To execute the first steps of entrepreneur marketing plan (and possibly also entrepreneurs plan). We separate these ideas for convenience in description, but it is worth keeping in mind these are ongoing aspects of entrepreneur management of the business. In the growth phases, entrepreneur continues to refine entrepreneur basic idea, re-evaluate the opportunity and revise entrepreneur plan.

5.2 PROCESS OF ENTREPRENEURSHIP DEVELOPMENT WITH STAGES TASKS TO BE PERFORM

The entrepreneurship development process is a systematic and structured approach aimed at transforming potential individuals into successful entrepreneurs through various stages of training, support, and follow-up. The process begins with the identification and selection of potential entrepreneurs, which involves conducting surveys, interviews, and aptitude tests to identify individuals with entrepreneurial qualities and commitment. Once suitable candidates are selected, they undergo entrepreneurial motivation training, where emphasis is placed on building self-confidence, risk-taking ability, and a positive attitude toward entrepreneurship through motivational sessions and success stories. The next stage is entrepreneurial development training, which provides participants with managerial, financial, marketing, technical, and legal knowledge essential for running a business. This includes project formulation, feasibility studies, leadership development, and communication skills.

FLOW CHART:**1. Identification & Selection of Potential Entrepreneurs****2. Entrepreneurial Motivation****Training****3. Entrepreneurial Development****Training Programme****4. Project Guidance & Business****Plan Preparation****5. Institutional Support &****Linkages****6. Establishment of Enterprise****7. Post Start-up Follow-up &****Support**

After training, entrepreneurs receive project guidance and business plan preparation support, where they are assisted in selecting feasible business ideas and preparing bankable project reports and business plans with the help of experts and consultants. This is followed by institutional support and linkages, where entrepreneurs are connected with financial institutions, technical service providers, government agencies, and market networks to obtain credit, infrastructure, and marketing assistance. In the enterprise establishment stage, entrepreneurs receive support in legal registration, acquiring resources such as land, machinery, and manpower, and initiating production or service operations. The final stage

involves post start-up follow-up and support, where the performance of the new enterprise is monitored, and entrepreneurs are provided with advisory, mentoring, and problem-solving assistance to ensure sustainability and growth.

5.3 THE LEARNING REQUIRED TO PERFORM THE TASKS IN ENTREPRENEURSHIP DEVELOPMENT

Being an entrepreneur usually means starting and building entrepreneur own successful business, although people with entrepreneurial skills can thrive within larger organizations, too. Entrepreneurs take a creative, innovative approach, and they may take risks that others would avoid. Many researchers have studied the subject, but there are no definitive answers. What we do know is that successful entrepreneurs tend to have certain traits and skills in common.

PERSONAL CHARACTERISTICS

- Interpersonal skills.
- Critical and creative thinking skills.
- Practical skills and knowledge.

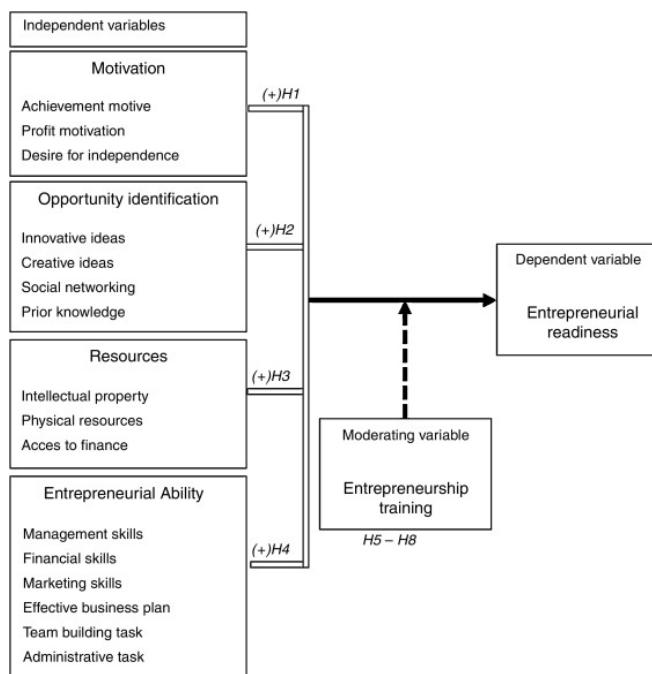


Fig. 5.2.: Personal Characteristics

Source: science direct.com

a) The Personal Characteristics of an Entrepreneur

Optimism: Optimism is an asset, and it will help entrepreneur through the tough times that many entrepreneurs experience as they find a business model that works for them.

Vision: Can entrepreneur quickly grasp the "big picture," and explain it to others? And can entrepreneur create a compelling vision of the future, and then inspire other people to engage with that vision?

Initiative: Does entrepreneur have initiative? and instinctively start problem-solving or business improvement projects?

Desire to Lead: Do entrepreneur enjoy being in charge and making decisions? Is entrepreneur motivated to lead others?

Drive and Persistence: Are entrepreneur self-motivated and energetic? And is entrepreneur prepared to work hard, for a very long time, to realize entrepreneur goals?

Risk Tolerance: Are entrepreneur able to take risks, and make decisions when facts are uncertain?

Resilience: Is entrepreneur resilient, so that entrepreneur can pick entrepreneur self-up when things don't go as planned? And does entrepreneur learn and grow from entrepreneur mistakes and failures? (If entrepreneur avoid acting because entrepreneur is afraid of failing, our article on Overcoming Fear of Failure can help entrepreneur to face entrepreneur fears and move forward.)

b) People Skills and Entrepreneurship

As an entrepreneur, entrepreneur will have to work closely with others - so it's essential that entrepreneur is able to build good relationships with entrepreneur team, customers, suppliers, shareholders, investors, and other stakeholders.

Some people are more gifted in this area than others, but entrepreneur can learn and improve these skills. The types of people skills entrepreneur need include:

Leadership and Motivation: Can entrepreneur lead and motivate others to follow entrepreneur and deliver entrepreneur vision? And is entrepreneur able to delegate work to other people? As an entrepreneur, entrepreneur will have to depend on others to get beyond the initial stages of entrepreneur business there is just too much to do by entrepreneur!

Communication Skills: Are entrepreneur skilled in all types of communication? Entrepreneurs need to be able to communicate well to sell entrepreneur vision of the future to a wide variety of audiences, including investors, potential clients and team members.

Listening: Do entrepreneur hear what others are telling entrepreneur? Entrepreneur ability to listen and absorb information and opinions can make or break entrepreneur as an entrepreneur. Make sure that entrepreneur is skilled at active listening and empathic listening.

Personal relationships: Do entrepreneur have good "people skills"? Is entrepreneur self-aware, able to regulate entrepreneur emotions, and respond positively to feedback or criticism? Our article on Emotional Intelligence offers a range of strategies for developing these crucial attributes.

Negotiation: Is entrepreneur a good negotiator? Not only do entrepreneur need to negotiate favourable prices, but entrepreneur will also need to resolve differences between people in a positive, mutually beneficial way.

Ethics: Do entrepreneur deal with people based on respect, integrity, fairness, and trust? Can entrepreneur lead ethically? Entrepreneur will find it difficult to build a happy. Productive business if entrepreneur deal with staff, customers, or suppliers in a shabby way

c) Critical and Creative Thinking Skills for Entrepreneurs

As an entrepreneur, need to produce fresh ideas, and make good decisions about opportunities and potential projects. Many people think that entrepreneur is either born creative or entrepreneur are not. But creativity is a skill that entrepreneur can develop, and there are many tools available to inspire entrepreneur.

- **Creative thinking:** Creative thinking skills can also translate into strategic thinking skills. Entrepreneurs who have built brands and businesses applied their strategic planning skills to develop strategies for growing and developing their businesses. To be successful as an entrepreneur takes planning, and being able to think strategically can allow entrepreneur to find ways to beat out entrepreneur competition, grow entrepreneur market reach or implement effective strategies to reach entrepreneur goals.
- **Problem solving:** Successful entrepreneurs may also have exceptional analytical and critical thinking skills. This is because there can be many aspects of building a brand or business that can require tough decisions, finding solutions to obstacles and using creative thinking to develop plans and strategies that will help entrepreneur achieve entrepreneur business goals.
- **Recognizing opportunities:** The most important part of being an entrepreneur is recognizing the opportunity and be able to make it suitable to the market strategies and gain profit.

d) Practical Entrepreneurial Skills and Knowledge

Entrepreneurs also need practical skills and knowledge to produce goods or services effectively, and to run a company.

- **Goal setting:** Setting smart goals that are Specific, Measurable, Achievable, Relevant, and Time-Bound will focus entrepreneur efforts and allow entrepreneur to use entrepreneur time and resources more effectively.
- **Planning and organizing:** Do entrepreneur have the talents, skills, and abilities necessary to achieve entrepreneur goals? Can entrepreneur coordinate people to achieve? these efficiently and effectively? Effective project management skills are important, as are basic organization skills. And entrepreneur will need a coherent, well thought-out business plan, and the appropriate financial forecasts.
- **Decision making:** Entrepreneur business decisions should be based on useful information, evidence, and weighing up the potential consequences. Core decision-making tools include Decision Tree Analysis, Grid Analysis, and Six Thinking Hats.
- **Business knowledge:** Ensure that entrepreneur have a working knowledge of the main functional areas of a business: sales, marketing, finance, and operations. If entrepreneur can't fulfill all these functions entrepreneur self, entrepreneur will need to hire others to collaborate with entrepreneur and manage them competently.

- Entrepreneurial knowledge: How will entrepreneur fund entrepreneur business and how much capital do entrepreneur need to raise? Finding a business model that works for entrepreneur can require a prolonged period of experimentation and hard work.
- Opportunity-Specific Knowledge: Do entrepreneur understand the market entrepreneur attempting to enter, and do entrepreneur know what entrepreneur need to do to bring entrepreneur product or service to market?
- Venture-Specific Knowledge: Do entrepreneur know what it takes to make this type of business successful? And do entrepreneur understand the specifics of the business that entrepreneur want to start?

Entrepreneurship development involves identifying business opportunities, mobilizing resources, managing operations, and driving growth. To perform these tasks effectively, an entrepreneur must acquire a combination of theoretical knowledge, practical skills, and personal competencies. These learning areas empower entrepreneurs to make informed decisions, solve problems creatively, and adapt to dynamic business environments.

1. Conceptual and Theoretical Learning

This involves understanding the foundations of business and entrepreneurship, which helps entrepreneurs conceptualize ideas and plan ventures strategically. Key areas include:

- **Basic Principles of Entrepreneurship:** Nature, scope, functions, and types of entrepreneurs.
- **Business Environment:** Economic, legal, social, and technological factors affecting business operations.
- **Business Ethics and Social Responsibility:** Understanding ethical practices and sustainable approaches.
- **Entrepreneurial Ecosystem:** Government policies, support institutions, incubators, accelerators, and funding agencies.

2. Managerial and Functional Learning

To operate a business smoothly, entrepreneurs need knowledge in various managerial functions:

- **Financial Management:** Budgeting, costing, pricing, financial forecasting, accounting, and raising funds.
- **Marketing Management:** Market research, customer behavior, branding, advertising, digital marketing, and sales strategies.
- **Operations and Production:** Quality control, supply chain management, logistics, inventory control, and standardization.
- **Human Resource Management:** Recruitment, training, team building, leadership, motivation, and conflict resolution.
- **Legal and Regulatory Compliance:** Business registration, licensing, taxation, labor laws, and intellectual property rights.

3. Technical and Professional Learning

Depending on the nature of the business, entrepreneurs must develop technical expertise relevant to their field.

For example:

- **Product Development and Innovation:** Understanding product design, prototyping, quality standards, and innovation techniques.
- **Industry-Specific Skills:** Sector-specific knowledge such as food processing techniques, IT skills, manufacturing processes, or service delivery models.
- **Digital Literacy:** Proficiency in using digital tools for business operations, such as e-commerce platforms, data analytics, and online payment systems.

4. Entrepreneurial Skills and Competencies

Entrepreneurship development focuses not only on knowledge but also on nurturing entrepreneurial traits, such as:

- **Creativity and Innovation** – Generating new ideas and approaches.
- **Decision-Making and Problem-Solving** – Making informed and timely decisions under uncertainty.
- **Risk-Taking and Resilience** – Assessing risks, managing failures, and learning from mistakes.
- **Networking and Communication Skills** – Building professional relationships, negotiating, and persuading stakeholders.
- **Strategic Thinking and Vision** – Setting long-term goals and aligning resources effectively.

5. Learning through Experience and Practice

Real entrepreneurial learning often happens through doing.

This includes:

- **Business Simulations and Case Studies** – Understanding real-world business scenarios.
- **Internships and Apprenticeships** – Gaining hands-on experience in existing enterprises.
- **Workshops, Seminars, and Incubation Programs** – Interactive learning with experts and mentors.
- **Field Visits and Market Surveys** – Learning from customers, competitors, and market conditions.
- **Pilot Projects** – Testing business ideas on a small scale before full implementation.

6. Continuous and Lifelong Learning

Entrepreneurship is dynamic, and entrepreneurs must stay updated on:

- **Emerging Trends and Technologies** (e.g., AI, green technology, digital marketing).
- **Changing Consumer Preferences** and market dynamics.
- **Regulatory Reforms and Global Developments** that affect business operations.
- **Professional Development Courses** and certifications to enhance skills.

5.4. SUMMARY:

The need for achievement is one of the important entrepreneurial traits/competencies. Behavioural experiments have proved that can be developed through entrepreneurship training, popularly known as EDPs. The main objective of EDPs has been enterprise creation. The course contents of EDPs, accordingly, includes inputs like general introduction to entrepreneurship, achievement motivation training, managerial/Management skill, support systems and procedures, market survey, fundamentals of Project Feasibility, Study and Business Plan Development, Technical knowledge and skills, Plant Visits and Meet an entrepreneur. The time duration of EDPs ranges from one week to six weeks. EDP is a process of 'grooming' entrepreneurs. This process involves three phases. The success of EDPs is evaluated in terms of the number of trainees launched their ventures after the completion of training programme and changes in the entrepreneurial behaviour. However, EDP suffers on many counts, be it the trainers, the trainees, the Entrepreneurial Development Organization, the supporting agencies, and the state government.

5.5. SELF- ASSESSMENT QUESTIONS:

- 1) What are the key stages involved in the entrepreneurship development process?
- 2) What are the primary tasks associated with each stage of entrepreneurship development?
- 3) What are the socio-economic and demographic profiles of women entrepreneurs in India?
- 4) What role does access to capital play in the success or failure of women-led businesses?
- 5) How can women entrepreneurs' associations provide networking opportunities and mentorship?

5.6. TECHNICAL TERMS:

Entrepreneurship Development, Feasibility Study, Business Plan, Startup Phase, Growth Stage, Scalability, Cash Flow Management, Exit Strategy, Bootstrapping, Women Entrepreneur, Empowerment, Gender Gap, Social Capital, Gender Bias, Glass Ceiling, Work-Life Balance, Microfinance, Incubator, Accelerator, Mentorship, Government Schemes, Capacity Building

5.7. REFERENCE BOOKS:

- Entrepreneur Development by S.S Kanika, S. Chand Publishing.
- Entrepreneurship by Prof. Dr. Nithin Zaware.

LESSON-6

WOMEN ENTRPRENEUR: CONCEPT ENTREPRENEURS, CONTRIBUTION OF FEMALE ENTREPRENEURS TO THEECONOMY, PSYCHO, SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OFWOMEN ENTREPRENEURS IN INDIA

6.0. OBJECTIVES:

After reading this chapter, students will understand

- To explain the concept of women entrepreneurs.
- To explain the contribution of women entrepreneurs to the economy.

To explain the psycho, socio-economic and demographic profiles of women entrepreneurs in India.

STRUCTURE:

6.1 INTRODUCTION

6.2 CONCEPT OF WOMEN ENTREPRENEURS

6.3 CONTRIBUTION OF WOMEN ENTREPRENEURS TO THE ECONOMY

6.4 SUMMARY

6.5 SELF ASSESSMENT QUESTIONS

6.6 TECHNICAL TERMS

6.7 REFERENCE BOOKS

6.1 INTRODUCTION:

Entrepreneurship is the process of wealth creation. When a person takes up a business or other such activity, it is called entrepreneurship. Entrepreneurship starts with the beginning of a new business or organisation. It is important to see the picture of organisation as a self-sustaining unit which is able to bring together diverse units together. India is a country of diversity and it has a very rich cultural history. Although we had times, when it was difficult for women to get out of their home even, but we also had times, when women used to get higher education and they were able to participate in social and political activities with equal domination. There was a time when there was no discrimination with women on the issues of gender/ sex. We can be proud of the fact that we had important women decision makers like Gargi, Brahmi, Damiyanti, Laxmi Bai and Razia Sultana. Now there is a change in the role and status of women across the globe. There has been a surge of women in key roles and they are able to break the traditional roles and are able to enter new roles and are able to perform well in new sectors. Although they face initial difficulties, but they are able to establish themselves in all those roles which were traditionally male dominated. Thus, in this era of social change and transition, it is important to study women entrepreneurship and how can it

be promoted further. It is also widely recognised that those countries where women are able to get an equal role and are able to play key roles in organisations, we find there is greater prosperity, greater economic and social development and development of better and more ethical institutions. Thus, the entire world today welcomes women in newer roles including the role of entrepreneurship. Women entrepreneur means a person who is a female and who has started a business of her own. Women have always been working more than men. But the question is: Are they decision maker? Are women able to take important decision like establishment of an enterprise. Thus, these questions take us to the issues of women entrepreneurship. In this unit we look at the issues confronting women entrepreneurship. Although women might be able to contribute more than 50% of the total actual human energy being exerted, but they are hardly 10% at the top policy level or at the entrepreneurial level. There are many issues related to this. We shall explore those issues and look into the possibilities for increasing women entrepreneurship. There was a time, when people thought that government service is the best and the only best option. There was a time, when people thought that only governments only need to manage businesses and services. There was a time when the government nationalised banks and other services and people welcomed that step assuming that the government would be able to serve customers better. However, times are changing. Now there is a growing feeling that the government cannot and should not do everything. There is now recognition for the role of entrepreneurs. Entrepreneurs, who were once looked down upon are not recognised as an important factor in any economy.

6.2. CONCEPT OF WOMEN ENTREPRENEURS.

Women entrepreneurship has now been recognised as an important tool in the economic development of a country. There is a strong nexus between women entrepreneurship and women empowerment. There is a very strong positive relation between women entrepreneurship and status of women and well-being of the society. Women entrepreneurship as many issues and factors which need special attention and therefore there is a need to give it a focused attention and care. There is a need of entrepreneurship training for women due to some specific problems that only women face in India in entrepreneurship. Women's entrepreneurship needs to be studied separately for two main reasons. The first reason is that women's entrepreneurship has been recognised during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organisation and business problems as well as to the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. Thus, there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilised. While without a doubt the economic impact of women is substantial, we still lack a reliable picture describing in detail that specific impact. Not only have women lower participation rates in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do. The industries (primarily retail, education and other service industries) chosen by women are often perceived as being less important to economic development and growth than high-technology and manufacturing. Furthermore, mainstream research, policies and programmes tend to be "men streamed" and too often do not take into account the specific needs of women entrepreneurs and would-be women entrepreneurs.



5. Role of Women Networks

- Knowledge sharing
- Promotion and awareness
- National & international cooperation
- Strengthen ecosystem



6. Challenges Faced

- Family responsibilities
- Legal & property constraints
- Push & pull factors (need/motivation)
- Lower labour participation



7. Global & National Scenario

- Developed nations: significant role
- Developing nations: rising trend
- Women own >25% businesses in advanced economies



8. Outcomes & Contributions

- Economic Empowerment
- Job Creation & Poverty Reduction
- Mobilisation of Entrepreneurial Initiatives
- Accelerating Socio-Economic Growth

Reference: Brush, C. G., de Bruin, A., & Welter, F. (2009). *A gender-aware framework for women's entrepreneurship*. International Journal of Gender and Entrepreneurship, 1(1), 8–24.

As a consequence, equal opportunity between men and women from the perspective of entrepreneurship is still not a reality. In order for policy makers to address the situation the report makes a number of recommendations. In order to realise the benefits of policy changes it is important to incorporate a women entrepreneurial dimension in considering all SMEs and growth policies (e.g. meeting women's financing needs at all stages of the business

continuum; take-up of business development and support services; access to corporate, government and international markets; technology access and utilisation; R&D and innovation; etc.). Better qualitative information and quantitative data and statistics are required to profile women entrepreneurs (demographic information, barriers to start-up and growth).

This would also assist in promoting awareness of the role of women entrepreneurs in the economy. Using a frame of reference such as that developed in the report could be valuable for the analysis of this information. It is observed that women entrepreneur networks are major sources of knowledge about women's entrepreneurship and they are increasingly recognised as a valuable tool for its development and promotion. Policy makers must foster the networking of associations and encourage co-operation and partnerships among national and international networks and facilitate entrepreneurial endeavours by women in the economy. Women's entrepreneurship is both about women's position in society and the role of entrepreneurship in the same society.

Women are faced with specific obstacles (such as family responsibilities) that have to be overcome in order to give them access to the same opportunities as men. Also, in some countries, women may experience obstacles with respect to holding property and entering contracts. Increased participation of women in the labour force is a prerequisite for improving the position of women in society and self-employed women. Women constitute almost 50 per cent of the world population. So, the socio-economic participation of women at the international, regional, national and local levels means using significant potential resources more effectively. Moreover, it is noticeable that entrepreneurship development and empowerment are complementary to each other. Women empowerment depends on taking part in various development activities.

In other words, the involvement of women in various entrepreneurial activities has empowered them in social, economic, culture and other related fields. It can be understood that women entrepreneurs have been making significant impact in all segments of the economy in the developed countries like Canada, United Kingdom, Germany, Australia and the United States, etc. Women entrepreneurs engaged in business due to different push and pull factors which encourage women to have an independent occupation and stands on their own legs. For example, move towards independent decision making on their life and career is the motivational factor behind this urge. In other words, women entrepreneurs are persons who accept challenging roles to meet their personal needs and become economically independent. Besides, a strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. The challenges and opportunities provided to the women of this digital and dynamic era are growing rapidly that the job seekers are turning into job creators. On the other hand, many women start a business due to some traumatic events, such as divorce, death of bread winner, sudden fall in family income, permanent adequacy in the income of the family etc. The rising number of female business owners is currently a global trend especially in the developing countries.

In the advanced market economies, women own more than 25 percent of all business. Many people argue that women are 'pushed' rather than 'pulled' in to business ownership but recent, but recent studies indicate that many women now actively choose womenself-employment, especially the entrepreneur women. Quite interestingly, entrepreneurs can significantly contribute to poverty reduction, mobilisation of entrepreneurial initiatives and accelerating the achievement of wider socio-economic objectives. However, the contribution of women entrepreneurs depends on their performance, which, in turn, is affected by the underlying facilitators and barriers. Over the past two decades, women entrepreneurs have come to be recognised for their significant contributions to socio-economic development of their respective countries.

6.3. CONTRIBUTION OF WOMEN ENTREPRENEURS TO THE ECONOMY.

Women entrepreneurship has now been recognised as an important tool in the economic development of a country. There is a strong nexus between women entrepreneurship and women empowerment. There is a very strong positive relation between women entrepreneurship and status of women and well-being of the society. Women entrepreneurship as many issues and factors which need special attention and therefore there is a need to give it a focused attention and care. There is a need of entrepreneurship training for women due to some specific problems that only women face in India in entrepreneurship. Women are mostly present in the less well-paid sectors of the economy. Their concentration in the public "non-productive" sectors of Health, Education and Culture has seen their wages fall further below the national average over the past 10 years. Despite efforts deployed towards economic empowerment of women, the majority of the active female population continues to be confined in the micro and small-scale enterprises and the informal sector (like cross-border trade, subcontracting work at home or street trading). Clearly, women's entrepreneurial potential remains untapped in transition countries, especially when compared to global trends. Like, for example in most countries of Western Europe, where the number of women entrepreneurs has rapidly increased during the last ten years, contributing to GDP growth and the creation of new jobs. In this period of change, there is also a simultaneous change in social factors, social perceptions, culture, traditions and economic environment. While traditionally, the government services were considered to be a better option, the modern sentiments are different and now the entrepreneurs are considered to be better. It may seem surprising, but it is a fact that people preferred a government clerk to an entrepreneur when there was a choice for any reason say for marriage or other such reason.

The society considered stability of income and security of job to be the most important factor. The entrepreneurs used to ask their children to not to become entrepreneur in any case. However, all these have changed now. Innovation and creativity of modern generation entrepreneurs have enabled them to earn name, fame, prosperity and wealth incomparable to any of their predecessor. Thus, the social system and hierarchy have also changed accordingly. The scenario has changed drastically.

Indian economy is in the process of transition, like many similar economies, this economy is also witnessing many changes. One major change is increasing role of private

sector and reducing role of government sector. There are many Government institutions that are helping the private sector to increase their business capability. There has been an all-round growth and development of private sector and due to this there has been increase in opportunities for business entrepreneurs. At the beginning of the 1991 immediately after starting the process of LPG (liberalisation, privatisation and globalisation), India faced a boom in entrepreneurship. Many women, both from urban and rural areas, started their business activities doing what was called "charter trade" (micro scale import / export, very active between Tashkent, Beijing and Bangkok). Many women could then open small shops and enterprises selling goods and providing services. BWA (Business Women Association), the first Indian women NGO, has contributed to the development of the private sector by encouraging Indian women initiatives. In India, women dominate the micro enterprise sector both in rural and urban areas. According to the central statistical authority women account for close to 70 per cent of the micro enterprises in India are run by women. However, their participation in small, medium and large enterprises diminishes. Beyond the participating in productive activities such as agriculture, trade and industry, women have multiple roles in society. They participate in productive activities such as agriculture; they are responsible for caring for the family including the preparation of food, health care and education. Women need to balance this different role and therefore they are multitasked, managing their businesses alongside all other roles they are expected to perform. Women account for a larger share of the informal economy operators, as well as those running micro and small enterprises in India. MSME's make a significant contribution to the socio-economic development of the country by way of supporting the people to earn money and make a contribution to family income, and by supplying basic goods and services for local consumption. However, this contribution is not fully recognised or understood, and there is little in the way of research or statistics to provide a broader understanding of women's experience as business owners, their contribution to economic development or the challenges they face in setting up, managing and growing their enterprise.

Women entrepreneurs are often described as 'survivalist' and dominate the low skill, low capital intensive and often informal and micro business. Women tend to focus on business that is a continuation of their domestic roles, such as the service sector. The potential for the growth of women's enterprises is said to be low and is driven less by entrepreneurial drive than the need for survival. Women comprise 74 per cent of those employed in the micro enterprises sector. More than 65 per cent of all women in cottage handicraft industries (micro enterprise) were engaged in processing food products and beverages.

ECONOMIC CONTRIBUTION:

Women's economic activities contribute directly to growth and efficiency in dealing with informal business problems and poverty reduction is one of the main issues for policy makers

i) Capital formation:

Entrepreneurs mobilise the idle savings of the public through the issue of industrial securities. Investment of public savings in industry results in productive utilisation of national resources. The rate of capital formation increases, which is essential for rapid economic growth.

ii) Improvement in Per capita Income:

Women entrepreneurs in India have also been exploiting the opportunities the opportunities. They convert the latent and idle resources like land, labour and capital in to national income and wealth in the form of goods and services. They help increase the country's net national product and per capita which are important yardsticks for measuring the economic growth.

iii) Generation of employment:

Women entrepreneur in India are playing an important role in generating employment both directly and indirectly. By setting up small scale industries, they offer jobs to people.

SOCIAL CONTRIBUTION:

Women entrepreneurs are also contributing towards improving the balanced regional development and improvement of living standards in the country.

i) Balanced Regional Development:

Women entrepreneurs in India to remove regional disparities in economic development. They set up industries in backward areas to avail of the resources concessions and subsidies offered by government.

ii) Improvement in living standards:

With the setting up of small-scale industries, reduction of scarcity of essential commodities and introducing new products can be achieved. Women entrepreneurs in this country are producing variety of goods on a large scale and offering them at low rates, as a result, achieving improvement in the standard of life.

iii) Innovation: Innovation is the key to entrepreneurship. It implies the commercial application of an invention. As an innovator, the entrepreneur assumes the role of a pioneer and an industrial leader. Entrepreneurs have contributed many innovations in the developing new products and in the existing products and services. All these have resulted in economic development by way of generating employment, more income etc.**OTHER CONTRIBUTIONS:**

Women entrepreneurs are the main actresses in changing the culture of the society. In our country, women are workaholics and participate outside the house and develop the sense of independence and the like. Thus, women entrepreneurs in our country are directly or indirectly playing an important role in environmental protection, backward and forward integration and are acting as change agents, thus contributing to the economic growth of the country.

Unfortunately, the road is long and difficult. Women still face many constraints impeding their access to self-employment. Some of these constraints are shared by both men

and women, but other, like in many developing countries concern specifically woman empowerment. The solidarity chain established by the tutorship system and the women-oriented activities should ensure a multiplier effect within the country and is expected to bring to the economic empowering of women at large.

6.4 SUMMARY

There is a need of strong socio-political support for development of women entrepreneurship. There is a need of achievement motivation training and entrepreneurship training. There is also a need of technical and skill-based training to enable the women entrepreneurs to start and grow their business organisation. There are institutions that support women entrepreneurs, but there is a need to bridge information gap so that the women entrepreneurs can really access and avail of the opportunities. There is also a need to build confidence and self-belief system among the women entrepreneurs, so that they are able to create powerful business brands.

6.5 SELF ASSESSMENT QUESTIONS:

- 1) Explain the "concept of women entrepreneurs" and their contribution to the economy?
- 2) "Why do many women in India find it difficult to get support, money, and training to become successful business owners?"
- 3) "How do rules, traditions, and unequal treatment make it harder for women in India to start and grow their own businesses?"

6.6. TECHNICAL TERMS:

Entrepreneurship, Administrative constraints, Investor friendly, Privatization, Micro and Small Enterprises (MSEs), Socioeconomic transition, Labour market, Discrimination, Empowerment, Gender equity, Propositional power, Curriculum Redaction of business plans Networking Achievement motivation, Skill-based training, Traditional societal constraints, Cultural pressure, Discrepancy, Subcontracting, Transitional economies, String-pulling, Human skills base

6.7. REFERENCE BOOKS:

- 1) Entrepreneur Development by S.S. Kanika, S. Chand Publishing.
- 2) Entrepreneurship by Prof. Dr. Nithin Zaware.

LESSON-7

WOMEN ENTREPRENEUR: PSYCHO, SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OF WOMENENTREPRENEURS IN INDIA

7.0. OBJECTIVES:

After reading this chapter, students will understand

- To identify the challenges faced by women entrepreneurs across social, economic, and institutional dimensions.
- To assess the effectiveness of government schemes and institutional support in promoting women entrepreneurship.
- To understand the role of NGOs, SHGs, and private initiatives in empowering women economically.
- To evaluate the impact of socio-cultural norms and gender bias on women-led businesses.

STRUCTURE:

7.1 INTRODUCTION

7.2 PSYCHO, SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OF WOMEN ENTREPRENEURS IN INDIA.

7.3 CHALLENGES FACED BY WOMEN ENTREPRENEURS

7.4 SUMMARY

7.5 SELF ASSESSMENT QUESTIONS

7.6 TECHNICAL TERMS

7.7 REFERENCE BOOKS

7.1 INTRODUCTION

Women entrepreneurship in India has evolved significantly over the last few decades. From being confined to traditional household roles, Indian women have increasingly ventured into business, contributing to the economic development of the country. However, their entrepreneurial journey is shaped by various psychological traits, socio-economic conditions, and demographic factors, which collectively influence their success, challenges, and opportunities. Women contribute significantly to the running of family businesses mostly in

the form of unpaid effort and skills. The value of this effort is underestimated both by the families that take it for granted and in academic studies. On the other hand, many of the enterprises defined as being run by women (that is, enterprises in which women hold the controlling share) are in fact run in their names by men who control operations and decision making. Programs meant to reach women entrepreneurs can succeed only if they take note of this paradox as well as of the familial and social conditioning that reduces the confidence, independence and mobility of women. Women Entrepreneurs may be defined as the woman or group of women who initiate, organize and co-operate a business enterprise.

7.2 PSYCHO, SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILES OF WOMEN ENTREPRENEURS IN INDIA

There is a need of strong social and political support for development of entrepreneurship. Women face social hurdles already - because they have to cope with the social expectations and traditional family roles. Although the changes in MRTP Act and other laws lifted some restrictions for private entrepreneurship, independent private businesses still face many administrative constraints. It is said that an entrepreneur has to take permissions from about 3 dozen government departments before starting any factory and it takes more than 3 months to just fulfill the basic requirements before starting a company to manufacture something. Thus, the legal system is still not as investor friendly as it should have been. A number of resolutions and decrees have been adopted, weighting down private business development. For example, it has become very difficult for an Indian company to open a bank account in hard currency and use foreign currencies for international trade.

The lack of legal knowledge of the organisations supposed to protect the rights of small entrepreneurs impeded the full recovery of entrepreneurship initiative as well as the expression of the propositional power that NGOs could and should have. However, now the situation is improving and the government is trying its best to help the entrepreneurs. Today, women represent less than 20% of high-level business structures in India, but they are being left aside from the privatization movement and, depending on the region, only 0 to 15% of the women have access to credit. According to the Third All India Census of Small-Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. As per the latest available estimates, the number of women owned and women managed enterprises is 12.99 lakh and 12.15 lakh respectively.

Women have been disproportionately affected by the negative aspects of the current socioeconomic transition in India: traditional societal constraints, household roles, lack of proper child care facilities, increasing poverty, rising unemployment, reduction of the financial ability to educate girls and boys, greater pressure to marry at entrepreneur ages, more visible domestic violence, etc. These problems are exacerbated by the fact that many Indian laws designed to protect and promote women's rights and gender equity are not widely known, implemented or enforced. Or if they do, they can have the opposite effect, like for example the maternity leave, adopted to relieve the pressure in the labour market and protect women's rights but that created a discrepancy in the labour market by increasing women employment costs. Although Indian legislation recognizes the equality of men and women and prohibits discrimination on the basis of sex, the reality relies more on traditions than on legislation. Indian traditional cultural and religious practices do not encourage women to have a public role in the society. This cultural pressure is a very strong deterrent to women empowerment, above all in the economic sector, preventing them from taking advantage of the equal opportunities encoded in the Indian law.

The effects of transitional economies have been particularly sensitive on women. One of the major social consequences of the economic transition was that women were left aside from the new economic development scheme. Being more vulnerable, they face specific gender sensitive barriers impeding their effective empowerment.

As mentioned, the traditional Indian society does not encourage women empowerment. The concept of gender equity is not uniformly known nor accepted. Woman entrepreneurship, above all, can be perceived as a questioning of male predominance. This barrier, though being informal, has a strong effect on women determination to undertake entrepreneurship activities. Besides, this discrepancy in the treatment of men and women is also reflected in other sectors where women have to face prejudices and employment reluctances.

There are many businesses, where we don't find any woman entrepreneur. Thus, we need to create better education and understanding so that cultural barriers can break. Although women are generally more present than men in the Higher Education system, their curriculum is not adapted to the new requirements of the labour market.

The specific educational programs preferred by women, such as BA, MA, are not well linked to the existing demand of the market, and thus disadvantage female professionals. To maintain a well- developed human skills base, that is a major asset for the future development of the country; a stronger link between women's higher education preferences and labour

market demands needs to be established. Now women are getting better education. But in rural areas, the situation is still very pathetic.

There is an urgent need to promote higher education among women. The Gujarat Government introduced free higher education for women, and this had a positive effect. Similar initiative needs to be taken up in other states as well. Women are mostly present in the less well-paid sectors of the economy. Their concentration in the public "non-productive" sectors of Health, Education and Culture has seen their wages fall further below the national average over the past 10 years. Despite efforts deployed towards economic empowerment of women, the majority of the active female population continues to be confined in the micro and small-scale enterprises and the informal sector (like cross-border trade, subcontracting work at home or street trading).

Clearly, women's entrepreneurial potential remains untapped in transition countries, especially when compared to global trends. Like, for example in most countries of Western Europe, where the number of women entrepreneurs has rapidly increased during the last ten years, contributing to GDP growth and the creation of new jobs. The integration of women into the formal sector is still constrained by limited access to credit and property. This barrier, effective for many entrepreneur men and women, is even more sensitive for women. Apart from the gender prejudice limiting their access to traditional sources of funding, women are more accurately disadvantaged by their lack of; technical knowledge in the redaction of business plans, the absence of efficient high-level networking (for string-pulling and guarantees). Besides, even if women are seen as more rational in their choices, they are restrained by their lack of ambitions and self-confidence.

7.3 CHALLENGES FACED BY WOMEN ENTREPRENEURS IN INDIA:

Despite considerable progress in recent years, women entrepreneurs in India continue to face a wide range of systemic, economic, and socio-cultural barriers. These challenges impact their ability to start, sustain, and scale businesses.

1. Gender Bias and Social Stigma

- Deep-rooted patriarchal attitudes continue to undermine women's capabilities in business.
- Women are often not taken seriously as entrepreneurs, especially in male-dominated industries like manufacturing, construction, or tech.
- Traditional gender roles restrict women's freedom and autonomy, limiting their ability to make independent business decisions.

- In rural areas, stigma around women "leaving the home" for work remains prevalent.

2. Limited Access to Capital and Markets

- Financial institutions often consider women as "high-risk" borrowers due to lack of collateral, credit history, or formal employment.
- Many women lack awareness of government schemes, formal financial systems, or venture capital networks.
- Market access is often localized, with women entrepreneurs restricted to small-scale or cottage industries with limited scalability.
- Women also face challenges in establishing supply chain linkages and negotiating fair prices in male-dominated marketplaces.

3. Poor Representation in Leadership and Decision-Making Forums

- Women are underrepresented in business chambers, trade associations, and policymaking bodies.
- Lack of female role models and mentors in leadership positions discourages aspiring entrepreneurs.
- This underrepresentation leads to limited influence over policies or programs that could address gender-specific business challenges.

4. Legal and Bureaucratic Obstacles

- Complex and time-consuming registration, licensing, and tax procedures disproportionately affect women, particularly those unfamiliar with bureaucratic processes.
- Legal systems often do not protect women adequately in matters like property rights, contract enforcement, or dispute resolution.
- In some cases, women are unaware of their legal rights and entitlements as business owners.

5. Inadequate Infrastructure in Rural Areas

- Poor roads, electricity supply, internet connectivity, and public transport hinder entrepreneurial activities in villages and small towns.
- Lack of access to modern tools and machinery restricts the productivity of rural women entrepreneurs.

- Digital illiteracy further impedes the use of e-commerce and digital payment systems in these regions.

6. Balancing Business with Domestic Responsibilities

- Cultural expectations place the burden of domestic duties squarely on women, including childcare, cooking, and elder care.
- This “double burden” limits the time and energy women can devote to business development.
- Many women operate from home or work part-time, resulting in slower business growth.

GOVERNMENT AND INSTITUTIONAL SUPPORT FOR WOMEN ENTREPRENEURS

Recognizing the critical role women can play in India's economic development, the government and various institutions have launched numerous initiatives to support and empower women entrepreneurs. These interventions range from financial aid to digital platforms and mentorship networks.

A. Government Schemes

1. Stand-Up India Scheme

- Launched in 2016, the scheme facilitates bank loans between ₹10 lakh to ₹1 crore to at least one Scheduled Caste (SC), Scheduled Tribe (ST), or woman entrepreneur per bank branch.
- The loan can be used for greenfield enterprises in manufacturing, services, or trading sectors.
- It also provides support in training, documentation, and loan application.

2. MUDRA Yojana (Micro Units Development and Refinance Agency)

- Provides collateral-free loans up to ₹10 lakh to micro and small enterprises under categories like Shishu (up to ₹50,000), Kishore (₹50,000–₹5 lakh), and Tarun (₹5–₹10 lakh).
- A large portion of MUDRA loans have been availed by women entrepreneurs, particularly in sectors like tailoring, food vending, or handicrafts.

3. Mahila E-Haat

- An initiative by the Ministry of Women and Child Development.
- An online marketing platform that allows women entrepreneurs, SHGs, and NGOs to display and sell their products/services directly to buyers.
- Promotes digital inclusion and visibility for small women-led businesses.

4. Women Entrepreneurship Platform (WEP)

- Initiated by NITI Aayog, WEP is a comprehensive online ecosystem to support women at all stages of their entrepreneurial journey — ideation, incubation, growth, and scaling.
- Offers services such as mentorship, funding guidance, capacity building, market access, and legal/financial advisory.
- Encourages public-private partnerships for a more inclusive entrepreneurial landscape.

B. NGOs and Self-Help Groups (SHGs)

1. NGO Initiatives

Numerous NGOs work at grassroots levels to offer:

- 1) Entrepreneurial training and skill development
- 2) Access to microfinance and working capital
- 3) Literacy programs and digital inclusion

NGOs like SEWA (Self-Employed Women's Association) have empowered thousands of women through cooperative models and collective bargaining.

2. Self-Help Groups (SHGs)

SHGs are small voluntary groups of women (typically 10–20) who pool savings and access credit collectively.

SHGs offer:

- 1) Easy micro-credit access without formal collateral
- 2) Peer learning and community support
- 3) Empowerment through collective decision-making

4) States like Tamil Nadu, Kerala, Andhra Pradesh, and Maharashtra have highly successful SHG models supported by government-NGO collaborations.

C. Private Sector and Civil Society Initiatives

1. Incubators and Accelerators

Increasing number of corporate-backed and independent incubators are offering:

- i) Funding access
- ii) Business mentorship
- iii) Legal and technological support

Examples:

NSRCEL at IIM Bangalore, Zone Startups India, WE Hub (Telangana Government)

2. Women-Focused Platforms

She The People. TV, Her Money Talks, and Leap. Club offer:

- i) Networking opportunities
- ii) Business development content
- iii) Access to communities of women entrepreneurs, investors, and professionals

These platforms also host conferences and events to promote women in business.

7.4. SUMMARY:

While Indian women entrepreneurs face significant challenges, there is a robust and growing ecosystem of support from the government, civil society, and the private sector. To ensure greater inclusion, ongoing efforts must focus on: Enhancing awareness and reach of existing schemes. Simplifying access to finance and markets, creating inclusive digital and physical infrastructure, Encouraging family and societal support for women's entrepreneurship. With sustained effort, India can unlock the full potential of its women entrepreneurs and make meaningful strides toward economic and gender equity.

7.5. SELF ASSESSMENT QUESTIONS:

- 1) What does MUDRA stand for in the context of financial support for entrepreneurs?
- 2) What is the primary objective of SHGs in promoting women entrepreneurship?

3) what are the major socio-cultural challenges faced by women entrepreneurs in India?

7.6. TECHNICAL TERMS:

Collateral-Free Loans, Financial Inclusion, Market Access, Digital Literacy, Incubators and Accelerators, MUDRA Yojana

7.7. REFERENCE BOOKS:

- 1) Entrepreneur Development by S.S Kanika, S. Chand Publishing.
- 2) Entrepreneurship by Prof. Dr. Nithin Zaware

Dr. Ch. Manjula

LESSON-8

WOMEN ENTREPRENEUR: PROBLEMS OF WOMEN ENTREPRENEURS AND ROLE OF WOMEN ENTREPRENEURS ASSOCIATION

8.0. OBJECTIVES:

After reading this chapter, students will understand

- To explain the role of women entrepreneur's association.
- To explain the problems of women entrepreneurs.
- Support communities through investments in education, healthcare, and social development.

STRUCTURE:

8.1. INTRODUCTION

8.2. PROBLEMS OF WOMEN ENTREPRENEURS

8.3. ROLE OF WOMEN ENTREPRENEURS ASSOCIATION

8.4. SUMMARY

8.5. SELF ASSESSMENT QUESTIONS

8.6. TECHNICAL TERMS

8.7. REFERENCE BOOKS

8.1. INTRODUCTION

"Women Entrepreneur" is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. This is great news. But, a part of women in some parts of the country still do not know their power. They don't know that they can break the domination over men and move on, walk on and fight for their freedom.

Women contribute significantly to the running of family businesses mostly in the form of unpaid effort and skills. The value of this effort is underestimated both by the families that take it for granted and in academic studies. On the other hand, many of the enterprises defined as being run by women (that is, enterprises in which women hold the controlling share) are in fact run in their names by men who control operations and decision

making. Programs meant to reach women entrepreneurs can succeed only if they take note of this paradox as well as of the familial and social conditioning that reduces the confidence, independence and mobility of women. Women Entrepreneurs may be defined as the woman or group of women who initiate, organize and co-operate a business enterprise. Government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women.

8.2 PROBLEMS OF WOMEN ENTREPRENEURS

There are umpteen problems faced by women at various stages beginning from their initial commencement of enterprise, in running their enterprise. Their various problems are as follows:

1. Patriarchal Society:

Entrepreneurship has been traditionally seen a male preserve and idea of women taking up entrepreneurial activities considered as a distant dream. Any deviation from the norm is frowned and if possible, immediately curbed. Women also have to face role conflict as soon as they initiate any entrepreneurial activity. It is an uphill task for women to face such conflicts and cope with the twin role.

2. Absence of Entrepreneurial Aptitude:

Many women take the training by attending the Entrepreneurship Development Programmes without entrepreneurial bent of mind. As per a study, involvement of women in small scale sector as owners stands at mere 7 percent. Women who are imparted training by various institutes must be verified on account of aptitude through the tests, interviews etc.

3. Quality of EDPs:

All women entrepreneurs are given the same training through EDPs. Second generation women entrepreneurs don't need such training as they already have the previous exposure to business.

4. Marketing Problems:

Women entrepreneurs continuously face the problems in marketing their products. It is one of the core problems as this area is mainly dominated by males and even women with adequate experience fail to make a dent. For marketing the products women entrepreneurs have to be at the mercy of middlemen who pocket the chunk of profit. Although the middlemen exploit the women entrepreneurs, the elimination of middlemen is difficult, because it involves a lot of

running about. Women entrepreneurs also find it difficult to capture the market and make their products popular.

5. Financial Problems:

Obtaining the support of bankers, managing the working capital, lack of credit resources are the problems which still remain in the male's domain. Women are yet to make significant mark in quantitative terms. Marketing and financial problems are such obstacles where even training doesn't significantly help the women. Some problems are structural in nature and beyond the control of entrepreneurs.

6. Family Conflicts:

Women also face the conflict of performing of home role as they are not available to spend enough time with their families. They spend long hours in business and as a result, they find it difficult to meet the demands of their family members and society as well. Their inability to attend to domestic work, time for education of children, personal hobbies, and entertainment adds to their conflicts.

7. Credit Facilities:

Though women constitute about 50 per cent of population, the percentage of small-scale enterprise where women own 51 percent of share capital is less than 5 percent. Women are often denied credit by bankers on the ground of lack of collateral security. Therefore, women's access to risk capital is limited.

8. Shortage of raw-materials:

Women entrepreneurs encounter the problems of shortage of raw-materials. The failure of many women co-operations in 1971 such as these engaged in basket making were mainly because of the inadequate availability of forest-based raw materials.

9. Heavy Competition:

Many of the women enterprises have imperfect organizational set up. But they have to face severe competition from organized industries.

10. High cost of production:

High cost of production undermines the efficiency and stands in the way of development and expansion of women's enterprises, government assistance in the form of grant and subsidies to some extent enables them to tide over the difficult situations. However, in the long run, it would be necessary to increase efficiency and expand productive capacity and thereby reduce cost to make their ultimate survival possible, other than these, women entrepreneurs so face

the problems of labour, human resources, infrastructure, legal formalities, overload of work, lack of family support, mistrust etc.

11. Gender Inequality:

India is a male dominated traditional society where women are not supposed to be equal to men ability folk. They are treated as subordinate to husbands and men, physically weak and lesser confident to be able to shoulder the responsibility of entrepreneur.

12. 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 dark about the development of new technology, new methods of production, marketing and other governmental support which will encourage them to flourish.

13. Problem of finance:

Women entrepreneurs suffer a lot in raising and meeting the financial needs of the business. Bankers, creditors and financial institutions are not coming forward to provide financial assistance to women borrowers on the ground of their less creditworthiness and more chances of failure.

14. Scepticism of Financial Institution:

Financial Institutions and bankers are sceptical about the entrepreneurial abilities of women. These institutions consider women loans as higher risk than men.

15. Obsolescence of technology & resulting increase in 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 high cost of production.

16. Low risk-bearing capacity:

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

17. Lack of entrepreneurial aptitude:

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

18. Limited managerial ability:

Women entrepreneurs are not efficient in managerial functions like planning, organizing, controlling, coordinating, motivating etc. of an enterprise. Therefore, less and limited managerial ability of women has become a problem for them to run the enterprise successfully.

19. Legal formalities:

Fulfilling the legal formalities required for running an enterprise becomes an uphill task on the part of an 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.

20. Lack of self-confidence:

Women entrepreneurs because of their inherent nature, lack 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.

8.3. ROLE OF WOMEN ENTREPRENEURS ASSOCIATION.

Thus, now it is realized that there is a need for imparting entrepreneurship training to women. It is also realized now that training to women entrepreneurship is central for the development of the country as a whole. In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India.

1. Trade related entrepreneurship assistance and development Scheme for women:

(TREAD) is a major scheme for women entrepreneurs. The scheme has following objectives:

1. To conduct training programmes for women

2. To impart training to women in entrepreneurship
3. To support NGOs which are engaged in entrepreneurship training
4. To support national level institutions which are engaged in entrepreneurship training.

In this scheme, the government gives upto 30% of the project as grant to NGOs for starting skill-based training programmes. The remaining 70% of the amount is provided by lending institutions as loan. The national level entrepreneurship training institutions are provided, 5 lakhs under this scheme. The NGOs are given upto Rs.1 lakh or 75% of the programme cost for imparting training to women in entrepreneurship.

Three major components of the scheme are as under:

- i) GoI grant upto 30% of the total project cost to the Non-Government Organisations (NGOs) for promoting entrepreneurship among women. The remaining 70% of the project cost is financed by the lending agency as loan for undertaking activities as envisaged in the project.
- ii) GoI grant upto Rs.1 lakh per programme to training institutions / NGOs for imparting training to the women entrepreneurs.
- iii) Need-based GoI grants upto Rs.5lakh to National Entrepreneurship Development Institutions and any other institutions of repute for undertaking field surveys, research studies, evaluation studies, designing of training modules etc.

Operation of the Scheme:

The scheme envisages that Women Associations/NGOs/SHGs should prepare composite bankable proposals for a group of women entrepreneurs, and submitted to the bank, which are signatories to participate in the scheme, namely, Syndicate Bank, State Bank of India, Canara Bank and Allahabad Bank. A copy of the proposal submitted to the bank should be endorsed to DC (MSME). Bank examines the proposal and issues approval. On the basis of the approval proposal considered by M/o MSME and 30% of the loan amount is sanctioned as grant and made available to the bank.

2. Micro & Small Enterprises Cluster Development Programme (MSE-CDP)

- a) Existing Clusters: A cluster is defined as a group of enterprises, normally 20 or more producing same/ similar products/services. The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of

available technology meeting the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc. the delivery, assimilation and diffusion of the

a) Existing Clusters: A cluster is defined as a group of enterprises, normally 20 or more producing same/ similar products/services. The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users. The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc. The scheme provides assistance for capacity building, common facilities, marketing etc. the delivery, assimilation and diffusion of the identified technology from its producers to the recipient user/cluster of small enterprises. Type of interventions:

I) Soft Interventions: Capacity building activities in the cluster where no fixed assets are acquired or formed. Soft interventions, *inter alia*, include

- i) Diagnostic study
- ii) Forming association-Trust building & Developing Identity
- iii) Capacity building,
- iv) Organising workshops, seminars,
- v) Training & Exposure visits,
- vi) Market development,
- vii) Launch of Website,
- viii) Common procurement,
- ix) Common/complementary sales and branding

In the past depending upon the type of cluster, assistance available for soft interventions have varied in the range of Rs.25 – 35 lakh per cluster. Currently we have an internal ceiling of Rs.10 lakh for soft intervention under this scheme, Clusters of women's enterprises are entitled up to 90% assistance for soft interventions.

II) Hard Interventions: These are tangible "assets" like

- i) Setting up of Common Facility Centre (CFCs),
- ii) Mini Tool Rooms,
- iii) Design Centre,
- iv) Testing Facilities,
- v) Training Centre,
- vi) R&D Centre,
- vii) Common Raw Material Bank/Sales depot, etc

There can be other tangible assets that could be set up by the women's Clusters, as long as they are put to common use. For hard interventions, it is necessary to form a Special Purpose Vehicle (SPV) which could be a registered society, or a cooperative society, or company, or a trust or any other legal entity - in which at least 20 to 30 members of the Cluster contribute and participate. Other Cluster members who do not join this SPV could also sign up as Users. The Common Facility Centre that is set up by the SPV as a hard intervention is entitled to the highest level of assistance from the MSME Ministry i.e. upto 90% of the Project Cost. This covers the cost of machinery, plant, equipment, laboratory and other tangible assets. The balance 10% of the project cost would have to be contributed by the SPV or by the State government or the Local government. But land and building are not covered under this "Project Cost" and will have to be provided by the SPVs of the Women's Enterprises Clusters or by the State government or by some other agency.

III) Infrastructure Assistance: Infrastructure assistance includes the construction of basic amenities like power, approach roads, drainage, water supply and storage and the like. MSME Ministry's assistance for this component is presently limited to 40% of the total cost. Only one element of Infrastructure Assistance i.e. Display or Exhibition Centres (which could consist of show-rooms with attached stores) are entitled to a higher level of assistance in so far as Women's Clusters are concerned, i.e. 90%. This Display/Exhibition Centre could be built by the Women's Clusters, SPV within the Cluster, or near the Cluster or even in adjoining Markets of Towns -as long as they exhibit and market the products manufactured by the Women's Clusters.

b) Creation of Physical Infrastructure: This Ministry implemented the IID Scheme to provide developed sites with infrastructural facilities like power distribution network, water, telecommunications, drainage and pollution control facilities, roads, exhibition/display

centres, raw materials, storage and marketing outlets, common service facilities and technological back-up services, etc. This scheme has been subsumed in the MSME-Cluster Development Programme. All the features of IID Scheme have been retained. To create physical infrastructure exclusively for women enterprises central grant of 40% of the project cost subject to a maximum of Rs.2 crore is available. The Ministry of MSME is making efforts to enhance the quantum of grant to 80% in a project of Rs.10 crore.

Operation of the scheme:

- 1) A Cluster Development Executive (CDL) is required for executing and monitoring all soft interventions in a cluster. Normally, a CDE can be a DIC Officer/MSME-DI officer/retired expert or even hired person from Non-Government Sector.
- 2) The hard interventions in a cluster and creation of physical infrastructure require to set up a user's body/special purpose vehicle which could be society/trust/company to be formed by the cluster beneficiaries.

3. Credit guarantee fund scheme:

The Government introduced the Credit Guarantee Fund Scheme for Small Industries in May, 2000 with the objective of making available credit to SSI units, particularly tiny units, for loans up to Rs.25 lakhs without collateral/ third party guarantees. The Scheme is being operated by the Credit Guarantee Fund Trust for Small Industries (CGTSI) set up jointly by the Government of India and SIDBI. The Scheme provides for collateral free credit facility (term loan and / or working capital) extended by eligible lending institutions to new and existing SSI units/ Small Scale Service and Business (industry related) Enterprises (SSSBEs) including Information Technology and Software Industry up to Rs.25 lakh per borrowing unit. In the case of women enterprises, the guarantee cover is up to 80% of the credit subject to maximum guarantee limit of Rs.20 lakhs. The member lending institutions (MLI) availing of guarantee from the Trust have to pay a one-time guarantee fee of 1.5% of the credit facility (comprising term loan and / or working capital) sanctioned by the lending institution to the borrower and annual service fee of 0.75% per annum on the amount of credit facility extended by the MLI, which is covered under the scheme.

Operation of the Scheme:

The entrepreneurs whose bank finance is approved by the lending bank may ask the bank to obtain guarantee from the Credit Guarantee Trust Fund. This facility is available online to the lending banks and clearance from the Trust is conveyed in a day or two.

4. Support for entrepreneurial and managerial development:

MSMED is regularly conduct EDPs/MDPs for existing and prospective entrepreneurs and charge fee for such courses. To encourage more entrepreneurs from among the SC/ST,

women and physically challenged groups, it is proposed that such beneficiaries will not be charged any fees but, instead paid a stipend of Rs.500/- per capita per month. 50,000 entrepreneurs will be trained in IT, Fashion Technology, Catering, Agro& Food Processing, Pharmaceutical, biotechnology etc. through specialized courses run by MSMEs. 20% of courses conducted by these Institutions shall be exclusively for women.

5. Exhibitions for women under promotional package for micro &small enterprises approved by CCEA under marketing support

DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small &Micro manufacturing units owned by women in their efforts at tapping and developing overseas markets, to increase participation of representatives of small/micro manufacturing enterprises under SIDO stall at International Trade Fairs/Exhibitions, to enhance export from such units. Under this scheme participation of women entrepreneurs in 25 international exhibitions is envisaged during the 11th Plan. For the year 2007-08 a good number of prominent women entrepreneur associations have been requested to sponsor their members for participation in 5international exhibitions scheduled during the months of Jan.-March, 2008. An advertisement has also been released in this regard in daily newspaper with a view to encourage women entrepreneurs to participate in the International Exhibitions it has been decided to:

- i) Provide rent free space in the exhibitions
- ii) Reimburse 100% economy class air fare for one representative
- iii) Reimburse shipping cost up to Rs.15,000/- The overall ceiling shall however be Rs.1.25 lac.

8.4 SUMMARY:

There is a need of strong socio-political support for development of women entrepreneurship. There is a need of achievement motivation training and entrepreneurship training. There is also a need of technical and skill-based training to enable the women entrepreneurs to start and grow their business organisation. There are institutions that support women entrepreneurs, but there is a need to bridge information gap so that the women entrepreneurs can really access and avail of the opportunities. There is also a need to build confidence and self-belief system among the women entrepreneurs, so that they are able to create powerful business brands.

8.5 SELF ASSESSMENT QUESTIONS:

- 1) Explain the problems of women entrepreneurs in detail?
- 2) Explain the importance of women entrepreneurship and also put light on the various schemes of govt. to promote women entrepreneurship?

8.6 TECHNICAL TERMS:

Microfinance, Institutional Support, Capacity Building, Gender Disparity, Collateral, Women Entrepreneur, Entrepreneurship Ecosystem, implemented.

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Dr. Ch. Manjula

LESSON-9

ENTREPRENEURIAL DEVELOPMENT PROGRAMMES IN INDIA

CONCEPT OF ENTREPRENEURIAL DEVELOPMENT

9.0. OBJECTIVES:

After reading this chapter, students will understand

- Structure of EDPs.
- Characteristics of Entrepreneurial Development Programme.
- Management Development Programmes.
- Concept of Entrepreneurial Development.

STRUCTURE:

9.1 INTRODUCTION

9.2 STRUCTURE OF EDPS

- 9.2.1 Awareness about entrepreneurship**
- 9.2.2 Behavioural Training**
- 9.2.3 Inculcating Skills**
- 9.2.4 Knowledge about process and services**
- 9.2.5 Business Plan and Feasibility Analysis**
- 9.2.6 Practical Exposure**

9.3 ENTREPRENEURIAL DEVELOPMENT PROGRAMMES IN INDIA

- 9.3.1 Objectives of EDPs**
- 9.3.2 Characteristics of Entrepreneurial Development Programme**
- 9.3.3 Industrial Motivation Campaigns (IMCs)**
- 9.3.4 Entrepreneurship Awareness Programmes (EAPs)**
- 9.3.5 Entrepreneurship-cum-Skill Development Programme (E-SDP)**
- 9.3.6 Management Development Programmes (MDPs)**

9.4 CONCEPT OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME

- 9.4.1 Relevance of EDPs**
- 9.4.2 Challenges for Entrepreneurial Development Programmes (EDPs)**

9.5 SUMMARY

9.6 TECHNICAL TERMS

9.7 SELF ASSESSMENT QUESTIONS

9.8 REFERENCE BOOKS

9.1 INTRODUCTION

Entrepreneurial development programme has a major role to play in the growth of small scale industrial sector. These programmes by developing entrepreneurial initiative on a

widely dispersed basis bring about the speedy growth of small scale sector on a decentralized basis on the basis of local resources and skills. Simple incentives and concessions cannot bring about speedy growth of small scale sector. In order to run the small scale industrial units on efficient lines, proper training and wide exposure to the entrepreneurial qualities become extremely important. This is more so because entrepreneurial qualities are deficient in personality in a developing country like India especially in the smaller towns and the countryside.

In a country aspiring for rapid industrialization, the small sector cannot afford to be inefficient in character. This is so because in India, the basic idea is to encourage the small sector to graduate into medium scale sector and medium scale sector into large scale sector. The need for small scale sector to become operationally efficient and technologically sound mainly comes from the fact that the object is to allow the small units to grow into healthy adult within reasonable time frame. It should not develop inertia because of the concessions given to small scale sector. Moreover, in order to make the ancillarisation programme really effective, small sector has to be equally, technically competent and operationally efficient. Otherwise the end product will not be of the expected quality.

In a situation, where large scale and medium scale sector largely depends upon the input and equipments from small scale sector, the growth of the latest ideas in the management of the small scale sector is quite essential.

9.2 STRUCTURE OF EDPS

EDPs are well planned and well-organized efforts to develop the entrepreneurs. There is well devised structure of each EDPs and generally organized for the duration of six weeks. It covers the following components to meet the objectives:

9.2.1 Awareness about Entrepreneurship

During EDPs, all the participants, who are prospective entrepreneurs, need to be familiarized with the world of entrepreneurship. All must get information about the various aspects of business, pros and cons, and their role in entrepreneurship.

9.2.2 Behavioural Training

Along with awareness about entrepreneurship, prospective entrepreneurs should go through the behavioural training. The main aim of this training is to induce the high need for achievement and inject confidence among entrepreneurs to take initiative to establish enterprise. It is their behaviour, which makes the difference in success and failure of the enterprise.

9.2.3 Inculcating Skills

Only competent entrepreneur can succeed in his venture. For the long run survival, entrepreneurs should be imparted with necessary knowledge and skills during the entrepreneurial development programmes. Various types of skills like technical, managerial, human resource and operational skills are required to become a successful entrepreneur.

9.2.4 Knowledge about process and services

The prospective entrepreneurs must be informed about the process of setting an enterprise and support services available to them to implement their ideas. They need to inform about the various government agencies and the process of approaching them to get necessary assistance.

9.2.5 Business Plan and Feasibility Analysis

After knowing the basics of entrepreneurship, prospective entrepreneurs need to educate about the preparation of business plan and further analyzing the feasibility of that plan. They must be educated about the various aspects of business plan and parameters on which plan is evaluated.

9.2.6. Practical Exposure

To get the practical exposure, entrepreneurs are exposed with real life situations during EDPs. This step helps them to familiarize with practical environment, personality of entrepreneur, his/her attitude, behaviour and approach towards entrepreneurship.

The ultimate aim of EDPs is to train individuals to start their own business after the completion of programme.

9.3 ENTREPRENEURIAL DEVELOPMENT PROGRAMMES IN INDIA

Lot of entrepreneurial development programmes have been continuously organized by the government and private agencies to promote entrepreneurship in our nation. The Role and relevance of Entrepreneurial Development Programme (EDP) in the process of economic development and growth of a nation is, it is the EDP through which the entrepreneurs learn the required knowledge and skill for running the enterprise successfully which ultimately contribute towards economic progress in the following ways:

EDPs provide solution for the Unemployment issues of in India by creating adequate employment opportunities through setting up of small and the big industrial unit where the unemployed can be absorbed. Various programmes, schemes like Prime Minister's Rozgar Yojana, National Rural Employment Programme and Integrated Rural Development Programme etc. have been initiated by Government of India to eliminate poverty and solve the problem of unemployment.

The government supports the entrepreneurs to establish their industries in rural areas to ensure the balanced growth. The government announces various subsidies like tax holiday, subsidized electricity etc. The Successful EDPs assist in accelerating the pace of industrialization in the backward areas and helps in reducing the concentration of economic power in the hands of an individual. The various concessions subsidies offered by the State and Central Governments prompted the entrepreneurs to set up their own small and medium industrial units in the rural and backward areas. Through EDPs more and more industrial units in the backward areas are set up which lead to the development of rural sector which finally helps in achieving balanced regional development.

Infrastructure development in the rural area can be achieved only through the establishment of industrial units in rural areas. Entrepreneurial development programmes help in the removal of industrial slums as the entrepreneurs are provided with various schemes, incentives, subsidies and infrastructural facilities to set up their own enterprises in all the non-industrialized areas. Proper use of domestic resources India has rich natural resources; EDPs can help in the proper use of locally available resources by providing proper training, guidance and education to the potential entrepreneurs.

The economic independence of a country can be achieved through EDPs by means of producing a broad variety of better quality goods and services at competitive prices. The entrepreneurs also through export promotion and import substitution are able to earn and save urge amount of foreign exchange which is essential for the growth and development of any economy. Improving standard of living EDPs empower, encourage and enrich the entrepreneurial skill. It provides the necessary support to entrepreneurs by educating them about the innovation and techniques of production to produce a large variety of quality goods and services at competitive prices. EDPs also help in establishing more enterprises which aid to provide more employment opportunities and help in increasing the earning of the people. It will result an increase in per-capita income and thus helps in the improvement of standard of living of the people.

9.3.1 Objectives of EDPs

The main aims and objectives of entrepreneurial development programmes are

- Develop entrepreneurship and strengthen the entrepreneurial base and quality.
- Promote and develop small scale businesses that encourage self employment.
- Analyzing surrounding environment to identify the opportunities lying in the environmental set up.
- Help prospective entrepreneurs to select the type of business and product to run an enterprise.
- Develop firstgeneration entrepreneurs who want to start their own business, but required some guidance and assistance.
- To establish the fact that entrepreneurs are made, not born.
- Develop an entrepreneur so that s/he can select the best location and identify the target customers for business.
- Making aware about the various policies, schemes, and statutory regulations of government for entrepreneurship.
- Inculcating basic managerial skills which are pre-requisites of entrepreneurship.
- Prepare entrepreneurs to take fast, accurate, andstrategic decisions.
- Enable prospective entrepreneurs to accept the challenges and unforeseen risks of entrepreneurship
- Helps an entrepreneur to choose the best business idea or in establishment of enterprise
- Accelerate the pace of economic and industrial development.

- Transform the Indian economy.
- Develop the entrepreneurial culture in the society.
- Develop the sense of social responsibility among prospective entrepreneurs
- Train individuals to prepare project proposal or business plans.
- Educate prospective entrepreneurs about the process of setting an enterprise.
- Inform about the sources from where entrepreneurs can get the financial and other supports for starting an entrepreneurial activity.
- Developing the entrepreneurial competencies which result in superior business performance. Identification of necessary characteristics of entrepreneurship and inculcate the required ones.

Entrepreneurship development programs (EDPs) in India have been initiated by institutions such as SIET (State Institute of Education Technology), Small Industry Development Organization (SIDO), Small Industry Services Institute (SISI), Industrial Development Bank of India (IDBI), and Technical Consultancy Organizations (TCOs). Recognizing the pivotal role of entrepreneurial skills in business success, the Indian government has actively promoted and supported various programs to foster and nurture entrepreneurial talent.

9.3.2 Characteristics of Entrepreneurial Development Programme

Creating Desire for Entrepreneurship

- The entrepreneurial development programme creates the desire among the persons, male and female, like for entrepreneurship.

Creating Entrepreneurs

- Help in promoting the first generation entrepreneurs and businessman, since they have no knowledge about the business. The programme develops the courage to start the business or enterprise and make them successful in the new Ventures.

Motivation and Encouragement to Become Entrepreneur

The EDPs not only provide motivation to become entrepreneurs, but these also provide encouragement because of these:

- Inspired the beneficiary to become entrepreneurs
- Inspire the youth towards self-employment, so that there is no need to search for employment and jobs.
- Encourage people to establish and operate small and cottage industries.
- Motivate entrepreneurs.
- Changes the entrepreneurial behaviours of people.

Widening the path for starting of new business

The EDPs explains the difficulties likely to arise in business, along with the measures for resolving them, so that they may become successful entrepreneurs and businessman.

Important tool for human resource development

The entrepreneurial development programmes and important tools and synonymous for human resource development, since such programmes aim at complete development of the personality of The People.

Continuous and Dynamic Process

Such programmes provide continuous maximum opportunities for identification of enterprising potentialities and capabilities of the People, developing them and making use thereof. Changes and revisions in the programmes are also made, according to the circumstances.

Development of Entrepreneurial Behaviour and Tendency

The entrepreneurial development programme is an attempt to develop entrepreneurial behaviour and tendency so that the personality of a person may be transformed as an entrepreneur and may be made successful.

Evaluation and Refinement

Entrepreneurial development programmes are helpful to evaluate various qualities of the participant, like courage, firm determination, physical and mental abilities, strategies vision and self-confidence, etc. and these are refinding also.

9.3.3 Industrial Motivation Campaigns (IMCs)

These are two day events aimed at identifying and motivating individuals inclined towards self employment or starting their own business. The focus is encouraging attendees to establish a Mid Sized Enterprise (MSE) and providing relevant information on available support and sanctions.

9.3.4 Entrepreneurship Awareness Programmes (EAPs)

Conducted multiple times throughout the year, EAPs aim to inform and inspire the youth about entrepreneurship. They focus on imparting knowledge about various facets of industrial activity essential for creating micro and small enterprises (MSEs). The curriculum of EAPs covers a range of skills, including project profile preparation, marketing techniques, product/service pricing, export opportunities, infrastructure facilities, financial institutions, cash flow, accounting, and product costing.

9.3.5 Entrepreneurship-cum-Skill Development Programme (E-SDP)

E-SDPs are intensive training programs designed to enhance the technical skills of potential entrepreneurs, the existing workforce, and new workers and technicians of MSEs. These programs are tailored to cater to the skill development needs of socially disadvantaged groups and are organized across various regions, including less developed areas.

9.3.6 Management Development Programmes (MDPs)

MDPs focus on enhancing the decision making capabilities of entrepreneurs to boost productivity, efficiency, and profitability. These short-duration programs cover various managerial functions and are tailored to industry needs and participant requirements.

9.4 CONCEPT OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME

Entrepreneurial Development Programme (EDP) means programme designed to develop entrepreneurial ability among individuals. In other words, EDP means a programme which aims to strengthen the entrepreneurial ability of prospective entrepreneur. Entrepreneurial development programme helps a person in acquiring skills and developing capabilities to play a role of an effective entrepreneur. EDP refers to programme which inculcate, develop, and polish the necessary skills into a prospective entrepreneur to establish and run an enterprise.

The concept of entrepreneurial development programme refers to equip a person with the required knowledge and skills and change the attitude of a person for running the business successfully. A programme which achieves all the above mentioned tasks called EDP. The programmes which provide necessary information and inputs to prepare project reports and other documents not eligible to be an EDP as their basic objective is not to develop entrepreneurship. A programme which achieves the objectives like imparting necessary skills, knowledge to run an enterprises and also touches the aspects of entrepreneurial motivation and behavioural aspects of an entrepreneur called entrepreneurial development programme.

National Institute of Small Industry Extension Training (NISIET), Hyderabad defined EDP as “An attempt to develop a person as entrepreneur through structural training. The main objective of such entrepreneurship development programme is to develop the entrepreneurship through increasing achievement motivation and entrepreneurial skills among less privileged sections of the society.”

On the basis of above definitions and concepts, EDP is a planned process to identify, impart, develop, and sharpen the competencies which are essentials to run a business among individuals to become a successful entrepreneur.

Essential Components of EDP

- Need of the programme
- Main objectives of the programme
- Design of the programme
- Evaluation and feedback

9.4.1 Relevance of EDPs

To achieve developmental objectives, it is important to promote entrepreneurship and that too in right directions. To promote entrepreneurship, attracting and motivating entrepreneurs is the first step and if entrepreneurs are attracted and motivated than successfully running enterprises is another challenge. Entrepreneurs require some basic characteristics to establish and run an enterprise. Sometimes entrepreneurs able to identify those underlying characteristics and sometimes they don't. To identify and developing those

underlying characteristics, EDPs are very essential as proved by D. McClelland through famous *Kakinada Experiment*.

In Kakinada experiment, a proper training was provided to young people and after experiment, it was found that they were highly motivated to start their own entrepreneurial activity. This experiment concluded that training through entrepreneurial development programme can develop need for achievement and high motivation and these has positive impactson the performance of entrepreneurs. Other than high motivation and need for achievement, entrepreneurs' required necessary competencies to achieve success in their initiatives. Competencies are underlying characteristics of a person and behavioural aspect of an individual. Basic components of competencies are knowledge, skills, and motivation. To inculcate necessary knowledge and skills, EDPs are very helpful as proved in many researches.

In general, contemporary economists agree that the entrepreneur is a business leader and that his role in fostering economic growth and development is crucial one. At present, however, there is no consent at to what constitutes the essential activity which makes the entrepreneur a crucial figure. While some economists have identified the coordination of production resources, the provision of capital or the introductions of innovations, Professor James R. Ompus of the International Institute of Entreprenology, the Critical Factor in National Development has this to say: In all crisis situations, there is one critical factor. There is one factor in each situation that can be cited as being the straw that broke the camel's back! In listing some of today's possible critical factor, such familiar words and phrases as: limited natural resources... food... energy all would emerge. Basically an entrepreneur is a person responsible for setting up a business or an enterprise. He has the initiative, skill for innovation and who looks for high achievements. He is a catalytic agent of change and works for the good of people. He puts up new green field projects that create wealth, open up many employment opportunities and leads to growth of other sectors.

9.4.2 Challenges for Entrepreneurial Development Programmes (EDPs)

Entrepreneurial Development Programmes (EDPs) are shaping the aspirations of prospective entrepreneurs and contributing in the development of entrepreneurship. If all the underlying objectives of EDPs are achieved, then India can achieve the status of entrepreneurial society. But, EDPs suffer from many problems and faced following challenges to achieve the desired results

- Lack of coordination between the organiser and supportive agencies like banks and other institutions.
- Poor implementation of planning.
- Pre-decided course contents and lack of adaptive training modules.
- Low motivation level of trainers as well as trainee during the training.

- Lack of commitment, dedication, determination, and sincerity in conduct of EDPs and low level of involvement and lack of active participation of trainees.
- Proper planning and non-conducive environment of entrepreneurial development programme.
- Lack of monitoring and proper evaluation of feedback.
- Lack of after training assessment of prospective entrepreneurs and non-consideration of entrepreneurs' feedback.

9.5 SUMMARY:

Entrepreneurial Development Programme (EDP) means programme designed to develop entrepreneurial ability among individuals. In other words, EDP means a programme which aims to strengthen the entrepreneurial ability of prospective entrepreneur. Entrepreneurial development programme helps a person in acquiring skills and developing capabilities to play a role of an effective entrepreneur.

EDP refers to programme which inculcate, develop, and polish the requisite skills into a prospective entrepreneur to establish and run an enterprise. The concept of entrepreneurial development programme refers to equip a person with the required knowledge and skills and change the attitude of a person for running the business successfully. A programme which achieves all the above mentioned tasks called EDP.

The programmes which provide necessary information and inputs to prepared project reports and other documents not eligible to be an EDP as their basic objective is not to develop entrepreneurship. A programme which achieves the objectives like imparting necessary skills, knowledge to run an enterprises and also touches the aspects of entrepreneurial motivation and behavioural aspects of an entrepreneur called entrepreneurial development programme.

9.6 TECHNICAL TERMS:

Challenges, MDPs, IMs, exposure, evaluation

9.7 SELF ASSESSMENT QUESTIONS:

- 1) Explain in detail about entrepreneurial development programmes in India
- 2) Write a note on relevance of EDPs
- 3) Add an account on characteristics of entrepreneurial development programme
- 4) Discuss in detail about
- 5) Describe the concept of entrepreneurial development programme

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Dr. P. Kiranmaya

LESSON-10

ENTREPRENEURIAL DEVELOPMENT

10.0. OBJECTIVES:

After going through this lesson students will understand

- Need for EDPs
- Phases of EDPs
- Types of entrepreneurial training programmes

STRUCTURE:

10.1 INTRODUCTION

10.2 NEED FOR ENTREPRENEURIAL DEVELOPMENT PROGRAMMES

10.3 PHASES OF ENTREPRENEURIAL DEVELOPMENT PROGRAMMES

10.4 CONTENTS OF TRAINING FOR ENTREPRENEURIAL DEVELOPMENT

10.4.1 Types of Entrepreneurial Training Programmes

10.4.1.1 Classroom based training

10.4.1.2 Online Courses

10.4.1.3 Mentorship Program

10.4.1.4 Business Incubators

10.4.1.5 Accelerator Programs

10.4.1.6 Entrepreneurial Boot camps

10.4.2 Domains of Entrepreneurial Training

10.4.3 Role of ETP for Developing New Business

10.4.4 Training affects Entrepreneurial Outcomes

10.5 SUMMARY

10.6 TECHNICAL TERMS

10.7 SELF ASSESSMENT QUESTIONS

10.8 REFERENCE BOOKS

10.1 INTRODUCTION

Entrepreneurs possess certain competencies/characteristics. These competencies are the underlying characteristics of the entrepreneurs which result in superior performance and which distinguish successful entrepreneurs from the unsuccessful ones.

The entrepreneurs play an important role in the economic development of any country. Entrepreneurs make use of the factors of production to the fullest advantage of the society, generate employment, create innovation, improve standard of living develop backward areas etc., all these leads to higher economic growth. So, entrepreneurial development is very essential for the economic development of a country.

The entrepreneurship development programmes have an important role to play in solving the unemployment problem. Unemployment is demoralizing. It is the major source of waste in present economic system.

The most alarming form of unemployment today is educated unemployment. India is facing a chronic problem of unemployment. Due to this frustration and discontent increases, the rate of crime also increases. Instead of going after a government job, people should make an effort to get themselves by starting their own business.

Importance of Training

It increases the potential abilities and thus improves performance to the maximum attainable level. It improves overall efficiency. New techniques could be easily adopted through training. Standardization can be adopted in a factory where trained employees are available.

10.2 NEED FOR ENTREPRENEURIAL DEVELOPMENT PROGRAMMES

Entrepreneurial development is an organized and systematic development. The power of entrepreneurial development is to motivate a person for entrepreneurial career and to make him capable of perceiving the opportunities and exploiting them successfully for setting up his own enterprise. One trained and successful entrepreneur can set right example for others to follow. Trained entrepreneurs thus become catalysts of industrial development and economic progress. EDP is a comprehensive programme involving the following process.

Enhance the motivation, knowledge and skills of the potential entrepreneurs. Arousing and reforming the entrepreneurial behaviour in their day-to-day activities. Assist them in the development of their own enterprises. In the past it was believed that entrepreneurs are born and not made. It was thought that only those persons who have got business family background can become successful entrepreneurs. Now adays this viewpoint has given place to the reality that persons who gain proper knowledge and training can become entrepreneurs. This opinion has been strengthened by David C. McClelland. Possession of competencies is necessary for superior performance in entrepreneurship.

The following are the major competencies, which can be inculcated in a person by proper training.

- **Initiative:** It helps the person to be a daring entrepreneur who initiates a business activity.
- **Looking for opportunities:** It allows the person to always look out for opportunities, as and when these arise.

- **Information seeker:** Training persons to always search for information from all quarters in the pursuit of reaching business goals.
- **Persistent:** Trains persons to face failures and how not to be scared down by failures and beliefs and encourages them to try and try again.
- **Quality Conscious:** The spirit of excelling in quality and to hit existing standards is instilled.
- **Commitment to work:** He is made prepared to put in everything, at his command, for accomplishing his goals.
- **Efficiency seeker:** He is to make an intense effort for completing the desired task and that too within minimum cost and time.
- **Proper planner:** He is solid believer in meticulous planning and proper execution for the attainment of desired goals.
- **Problem Solver:** He is all time busy in finding out ways and means for tiding over the difficult times.
- **Self-confidence:** He has full confidence on his strengths and abilities.
- **Assertive:** He is ready to put his firm foot ahead for promotion of interest of his ventures.
- **Persuasive:** Building up a convincing ability and to make people do what he wants them to do.
- **Efficient monitor:** He keeps an eye over the work there by ensuring that everything happens the way he wants that it should happen.
- **Employee's well-wisher:** He is ready to undertake all necessary measures aimed at promoting welfare of workers, working in his enterprise.
- **Effective strategists:** He is trained to device most effective strategies aimed at promoting the objective of an enterprise

All the above mentioned competencies result in better quality performance. David McClelland conducted a five-year experimental study in one of the prosperous districts of Andhra Pradesh in collaboration with Small Industries Extension and Training Institute (SIETI) Hyderabad. This experiment is known as 'Kakinada Experiment'. Under this experiment young persons were selected and put through a three months' training programme and motivated to see fresh goals. One of the significant conclusions of the experiment was that the traditional belief did not seem to inhibit an entrepreneur.

The achievement motivation had a positive impact on the performance of entrepreneurs. The Kakinada Experiment has proved beyond doubt that entrepreneurial competency can be developed in human minds through education and training. Various qualities like motivation, knowledge, risk bearing capacity, locating and exploiting opportunity etc., so essential for the success of any venture, can be injected to prospective entrepreneur through proper orientation.

Entrepreneurial Development Programme (EDP) is primarily concerned with enabling a person in developing and strengthening his entrepreneurial skills, motives and capabilities which are so essential for playing his entrepreneurial role more effectively.

EDP is an effective technique aimed at development of human resources. It is going to result in proper utilization of local resources, more employment generation and promotion of small scale units and overall development of an area. Entrepreneurial development is a systematic and organized activity. It acts as a catalytic agent for the development of an industry. EDP results in the overall improvement in the personality of an individual, transformation of outlook and ideas getting translated into actual enterprise.

10.3 PHASES OF ENTREPRENEURIAL DEVELOPMENT PROGRAM

The Entrepreneurship Development Programme (EDP) normally runs through three important phases followed by EDP evaluation:

An entrepreneurial development programme consists of three broad phases:

- Pre-training Phase
- Training Phase
- 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 include

- Arrangement of Infrastructure for training
- Preparation of training syllabus and application form
- Tie up of guest faculty
- Designing tools and techniques for selecting the trainees
- Formation of selection committee
- 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 participant.

- Is there any change in his entrepreneurial outlook, role and skill
- Is he motivated to plunge for entrepreneurial venture and risk that is expected of an entrepreneur
- What kind of entrepreneurial behaviour does the trainee lack
- Does he possess the knowledge of technology, resources and other related entrepreneurial knowledge
- 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.

A training program for entrepreneurial development is designed to equip aspiring and current entrepreneurs with the skills, knowledge, and mindset required to start, manage, and grow a business. Below is a comprehensive outline of the contents of such a training program, typically divided into modules or phases:

10.4 CONTENTS OF TRAINING FOR ENTREPRENEURIAL DEVELOPMENT

Entrepreneurial training covers all the necessary topics required for an individual to run their own business successfully. Although all businesses are not the same, the basic at the interior are always aligned with each other. The entrepreneurial training program includes a range of educational and development programs designed to help entrepreneurs to gain all the necessary competencies required to succeed in the market.

The goal of entrepreneurial training is to furnish aspiring entrepreneurs with the skills, knowledge and resources they need to successfully begin and grow their business ventures.

10.4.1 Types of Entrepreneurial Training Programs

There are several types of entrepreneurial training programs. Different types of programs provide to different types of needs but the base of entrepreneurial learning and succeeding lessons at own enterprises remain the same.

Types of entrepreneurial training programs are:

10.4.1.1 Classroom Based Training

This kind of training program is delivered in the traditional method in a classroom setup where instructors cover subjects such as business planning, financial management, marketing and sales, legal and regulatory compliance, and leadership and management.

10.4.1.2 Online Courses

It helps with entrepreneurship education over online platforms. It is a growingly popular way of gaining entrepreneurial knowledge as individuals can learn about all they want to learn from top mentors around the world in their own time.



Fig. 10.1: Types of Entrepreneurial Training Programmes

<https://ecdl.com.bd/what-is-entrepreneurial-training-program/>

10.4.1.3 Mentorship Program

Mentorship programs help developing entrepreneurs achieve experience by working under experienced mentors and gaining real life knowledge that can perfect their business plans. Mentorship programs can be formal or informal and can be offered to individuals and organizations as well.

10.4.1.4 Business Incubators

Business incubators are facilities that offer a variety of resources to help up and coming entrepreneurs with their ventures. Resources from incubators can include office space, equipment, mentoring, training, access to resources, funding, and many things that can help the enterprise scale its business.

10.4.1.5 Accelerator Programs

These programmes help entrepreneurs with launching their businesses faster in a more cooperative way. It can provide support with resources, funding, network and many other components required to scale the business plan further.

10.4.1.6 Entrepreneurial Bootcamps

It is a crash course on entrepreneurship education. Bootcamps provide mentorship within a short period such as a weekend or a week. Bootcamps are usually focused on specific industries or niches. Depending on the specific need of individuals or enterprises entrepreneurs can leverage this training to perfect their business plans and implement their entrepreneurial learning further.

10.4.2 Domains of Entrepreneurial Training

Entrepreneurial training programs can cover a wide range of training topics. Depending on the needs which entrepreneurs want to develop their entrepreneurial skills on, they can choose the topic.

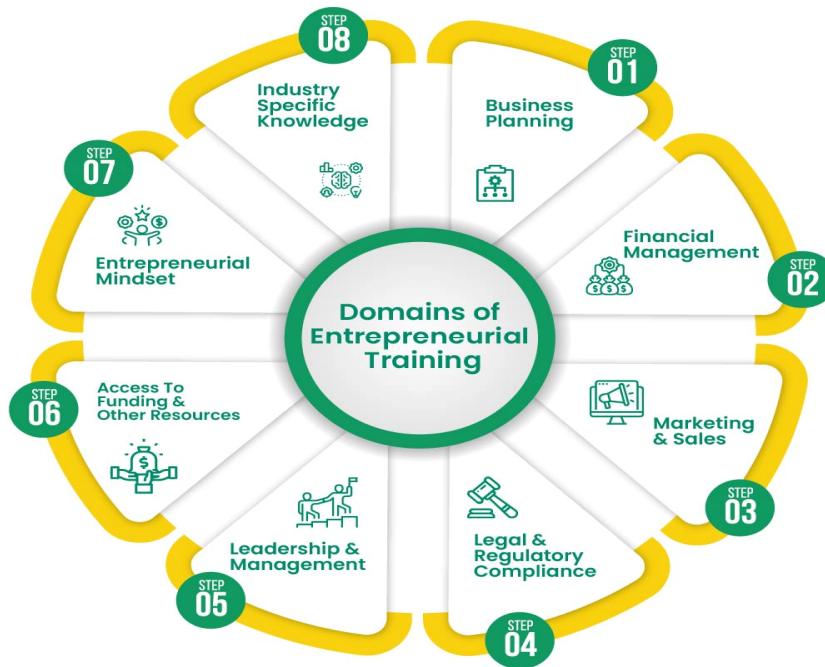


Fig. 10.2: Various Domains of Entrepreneurial Training

<https://ecdl.com.bd/what-is-entrepreneurial-training-program/>

10.4.3 Role of Entrepreneurship Training Program (ETP) for Developing New Business

ETP is a rigorous business planning training program designed to help participants who want to start a new business, grow an existing business, or make a substantial business turn that requires viewing the business from a new perspective.

Entrepreneurship training programs (ETPs) are critical in the development of new enterprises. These programs equip entrepreneurs with the necessary skills and expertise, as well as access to crucial resources such as mentorship and investment. Entrepreneurs can obtain the confidence and experience they need to transform their business ideas into profitable companies by participating in an ETP.

Furthermore, ETPs have the potential to have a major impact on the broader economy. ETPs can serve to support and expand the small company sector, which is a major driver of job creation and economic growth. ETPs can help to create new jobs, encourage innovation, and drive economic development by giving entrepreneurs the tools they need to establish and grow firms. ETPs can be used in this manner.

10.4.4 Training affects Entrepreneurial Outcomes

ETPs have a significant effect on defining entrepreneurial outcomes. Some of the ways it can benefit in developing entrepreneurial capabilities are,



Fig. 10.3: Entrepreneurial training out comes

<https://ecdl.com.bd/what-is-entrepreneurial-training-program/>

10.5 SUMMARY:

The entrepreneurship development programmes have an important role to play in solving the unemployment problem. Unemployment is demoralizing. It is the major source of waste in present economic system.

The most alarming form of unemployment today is educated unemployment. India is facing a chronic problem of unemployment. Due to this frustration and discontent increases, the rate of crime also increases. Instead of going after a government job, people should make an effort to get themselves by starting their own business. Entrepreneurial Development Programme (EDP) is primarily concerned with enabling a person in developing and strengthening his entrepreneurial skills, motives and capabilities which are so essential for playing his entrepreneurial role more effectively.

Entrepreneurship training programs (ETPs) are critical in the development of new enterprises. These programs equip entrepreneurs with the necessary skills and expertise, as well as access to crucial resources such as mentorship and investment. Entrepreneurs can obtain the confidence and experience they need to transform their business ideas into profitable companies by participating in an ETP.

10.6 TECHNICAL TERMS:

ETPs, Mentorship, Business Incubators, boot camps

10.7 SELF ASSESSMENT QUESTIONS:

- 1) Write an essay on need for entrepreneurial development programmes
- 2) Explain in detail about contents of training for entrepreneurial development
- 3) Describe the phases of entrepreneurial development programmes
- 4) Add a note on role of entrepreneurship training program (ETP) for developing new business
- 5) Types of entrepreneurial training programs
- 6) Role of entrepreneurship training program (ETP) for developing new business

10.8 REFERENCE BOOKS:

- 1) <https://www.scribd.com/document/208709967/Need-and-Importance-of-Entrepreneurial-Development-Training-Programme>
- 2) <https://ecdl.com.bd/what-is-entrepreneurial-training-program/>

Dr. P. Kiranmayi

LESSON-11

TARGET GROUPS, SPECIAL AGENCIES AND SCHEMES

11.0. OBJECTIVES:

After going through this lesson students will understand

- Target groups
- Special agencies involved in EDP
- Various schemes by government of India

STRUCTURE:

11.1 INTRODUCTION

11.2 TARGET GROUPS

11.3 SPECIAL AGENCIES FOR ENTREPRENEURSHIP DEVELOPMENT

11.3.1 Institutions set up by Central Government

11.3.1.1 Small industries development organization (SIDO)

11.3.1.2 Management development Institute (MDI)

11.3.1.3 Entrepreneurship development institute of India (EDI)

11.3.1.4 All India Small Scale Industries Board (AISSIB)

11.3.1.5 National institution of Entrepreneurship and Small Business Development (NIESBUD), New Delhi

11.3.1.6 National Institute of Small Industries Extension Training

11.3.1.7 National Small Industries Corporation Ltd. (NSIC)

11.3.2 Government schemes for women in India

11.3.2.1 Beneficial Monetary Schemes for Women Entrepreneurs

11.3.2.2 Pradhan Mantri Mudra Yojana

11.3.2.3 TREAD (Trade Related Entrepreneurship Assistance and Development) scheme

11.3.2.4 Mahila Shakti Kendra

11.3.2.5 Mahila-E-Haat For Women Entrepreneurs

11.3.2.6 Stree Shakti

11.3.2.7 Mudra Yojana

11.3.2.8 Economic Empowerment of Women Enterprises and Start-Ups by Women

11.3.2.9 Stand-Up India Scheme

11.3.2.10 Women's Savings Bank Accounts

11.3.2.11 Lesser Interest on Loans Taken by Women

11.3.2.12 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

11.3.2.13 Udyam Shakti Portal

11.3.2.14 Annapurna Scheme

11.5 SUMMARY

11.6 TECHNICAL TERMS

11.7 SELF ASSESSMENT QUESTIONS

11.8 REFERENCE BOOKS

11.1 INTRODUCTION

Entrepreneurial development is a systematic and organized activity. It acts as a catalytic agent for the development of an industry. EDP means any programme which intends to develop entrepreneurship. It is designed to help a person in identifying and strengthening his entrepreneurial motives and worth.

EDP enables a person to acquire, develop and strengthen the skills, capabilities and motives which are necessary for playing his entrepreneurial role effectively. It results in the overall improvement in the personality of an individual. It transforms his outlook and materialises his ideas into actual enterprise.

EDPs are essentially training programmes which are instrumental in making a person a successful entrepreneur and an active participant in the economic development of the nation. These training programmes help the educated unemployed youth set up their own business concerns on self employment basis. EDPs comprise of a number of programmes which provide the prospective entrepreneurs with information regarding the scope of new business, the process of starting new ventures, the mode of preparation of project reports, and the sources of finance. As an educational process entrepreneurial development programme aims at developing human resources. It induces motivation and competence in the prospective entrepreneurs. It causes proper utilisation of local resources, more employment generation, and promotion of small scale units and overall development of an area.

11.2 TARGET GROUPS

The target group of EDP training means the group of persons for whom the training is arranged and carried out. The EDPs should be designed and arranged in such a way as to meet the peculiar needs and constraints of the target group. Each target audience has certain requirements and limitations. The EDP arranged for one group may be unfit for another group. As a result, the programming created for one group may not be suitable for other groups. The target group that will get training must be specified explicitly before the course is planned and launched. Any of the following target groups may be the subject of an executive development programme. So, before designing a training programme, clear studies about the target group for whom the programme is aimed at, must be conducted.

Generally, the following are the important target groups for the EDPs.

- Technical and other qualified persons
- Ex-Servicemen
- Company executives
- Women Entrepreneurs
- Scheduled Caste and Scheduled Tribe Entrepreneurs

11.2.1 Technical and Other Qualified Persons

People who have studied technical and related academic paths make up this category. For instance, those with degrees or diplomas in the sciences, engineering, and technology form a significant category in India. Special entrepreneurial development initiatives and support

programs are run by government and semi-government agencies/institutions for this category. The training plan for these individuals may be created to empower and support them in starting their own manufacturing facilities. Their credentials and expertise may be directly tied to the industries chosen for this reason. For instance, graduates in electronics may get training to create and run factories that produce TVs, films, and other electronic goods.

11.2.2 Ex-Servicemen

Ex-Servicemen: People who have left the army, navy, or air force are a crucial demographic for training in entrepreneurship. Over the course of their employment, these individuals have picked up a variety of important skills and experiences. They often exhibit extreme discipline, diligence, engineering, and innovation. Therefore, with the right entrepreneurial training, individuals may succeed as business owners. The Indian government gives them particular treatment and favour in order to help them recover. Many former military members in the nation successfully run their own manufacturing, training, and service businesses.

11.2.3 Company Executives

After gaining adequate company expertise, some business executives seek to launch their own independent businesses. Some of them have some unique ideas but are unable to implement them in their current organizations owing to a lack of autonomy or power. Some of them are dissatisfied with their current socioeconomic situation. Senior company executives may become successful entrepreneurs after receiving entrepreneurship training. They already have managerial expertise. They need instruction and assistance in starting their own businesses

11.2.4 Women Entrepreneurs

Women are starting businesses in greater numbers, particularly in sectors that handle traditional foods like sauces, agarbati, papad, and spices. As a result, several governmental and nongovernmental organizations, like the FICCI Ladies Organization, are setting up business training initiatives for women.

11.2.5 Scheduled Caste and Scheduled Tribe Entrepreneurs

The Government of India is dedicated to advancing Scheduled Castes (S.C.) and Scheduled Tribes (S.T.). As a result, a certain number of employments have been set aside for members of certain castes. However, not all members of these organizations may be hired. Therefore, enabling self employment is beneficial for their social and economic development. Governmental organizations offer S.C. and S.T. enterprises advantage when providing financing and other required facilities.

11.3 SPECIAL AGENCIES FOR ENTREPRENEURSHIP DEVELOPMENT

Entrepreneurship development institutions are those which are engaged in identifying and selecting prospective entrepreneurs and giving training to them. Finance is a key factor for entrepreneurship development. But money alone cannot materialize that objective. Hence, it is imperative that prospective entrepreneurs should be motivated to start their own enterprises.

In India, there are both private and government agencies involved in entrepreneurial training. Till independence only some private institutions were engaged in entrepreneurship development programmes. After independence, the Government of India realized the key role of entrepreneurship in the economic development of the country. So it has been decided to assist the potential entrepreneurs through several programmes. These programmes are mainly meant for small scale and other entrepreneurs.

Government plays a very important role in developing entrepreneurship. Government develops industries in rural and backward areas by giving various facilities with the objective of balances regional development. The government set programmes to help entrepreneurs in the field of technique, finance, market and entrepreneurial development so that they help to accelerate and adopt the changes in industrial development. Various institutions were set up by the central and state governments in order to fulfill this objective. For the development of entrepreneur, a number of specialized agencies have been set up by the state and central governments which are as follows:

- Small Industries Service Institutes (SISI)
- Small Industries Development Organisations (SIDO)
- National Small Industries Corporation
- Small Industries Extension Training Institute.
- Entrepreneurship Development Institute of India
- Institute for Rural Management and Administration
- National Institute for Entrepreneurship and Small Business Development (NIESBUD)
- National Alliance of young entrepreneurs (NAYA)
- Maharashtra Centre for Entrepreneurship Development (MCED)

11.3.1 Institutions set up by Central Government

11.3.1.1 Small industries development organization (SIDO)

SIDO was established in October 1973 now under Ministry of Trade, Industry and Marketing. SIDO is an apex body at Central level for formulating policy for the development of Small Scale Industries in the country, headed by the Additional Secretary & Development Commissioner(Small Scale Industries) under Ministry of Small Scale Industries Government of India. SIDO is playing a very productive role for strengthening this vital sector, which has proved to be one of the strong pillars of the economy of the country. SIDO also provides extended support through widespread plan for promotion of rural entrepreneurship.

11.3.1.2 Management development Institute (MDI)

MDI is located at Gurgaon (Haryana). It was established in 1973 and is sponsored by Industrial Finance Corporation of India, with objectives of improving managerial effectiveness in the industry. It conducts management development programs in various fields. It also includes the programmes for the officers of IAS, IES, BHEL, ONGC and many other leading PSUs.

11.3.1.3 Entrepreneurship development institute of India (EDI)

Entrepreneurship Development Institute of India (EDI), an autonomous and not for profit institute, set up in 1983, is sponsored by apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). EDI has helped set up twelve state level exclusive entrepreneurship development centers and institutes. One of the satisfying achievements, however, was taking entrepreneurship to a large number of schools, colleges, science and technology institutions and management schools in several states by including entrepreneurship inputs in their curricula. In the international arena, efforts to develop entrepreneurship by way of sharing resources and organizing training programmes, have helped EDI earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies. EDI has also set up Entrepreneurship Development Centre at Cambodia, Lao PDR, Myanmar and Vietnam and is in the process of setting up such centers at Uzbekistan and five African countries.

11.3.1.4 All India Small Scale Industries Board (AISSIB)

The Small Scale Industries Board (SSI Board) is the apex advisory body constituted to render advise to the Government on all issues pertaining to the small scale sector. It determines the policies and programmes for the development of small industries with a Central Government Minister as its president and the representatives of various organization i.e. Central Government, State Government, National Small Industries Corporations, State Financial Corporation, Reserve Bank of India, State Bank of India, Indian Small Industries Board, Non government members such as Public Service Commission, Trade and Industries Members.

11.3.1.5 National institution of Entrepreneurship and Small Business Development (NIESBUD), New Delhi

It was established in 1983 by the Government of India. It is an apex body to supervise the activities of various agencies in the entrepreneurial development programmes. It is a society under Government of India Society Act of 1860. The major activities of institute are:

- To make effective strategies and methods
- To standardize model syllabus for training
- To develop training aids, tools and manuals
- To conduct workshops, seminars and conferences.
- To evaluate the benefits of EDPs and promote the process of Entrepreneurial Development.
- To help support government and other agencies in executing entrepreneur development programmes.
- To undertake research and development in the field of EDPs.

11.3.1.6 National Institute of Small Industries Extension Training

It was established in 1960 with its headquarters at Hyderabad. The main objectives of national Institute of Small Industries Extension Training are

- Directing and coordinating syllabi for training of small entrepreneurs.
- Advising managerial and technical aspects.

- Organizing seminars for small entrepreneurs and managers.
- Providing services regarding research and documentation.

11.3.1.7 National Small Industries Corporation Ltd. (NSIC)

The NSIC was established in 1995 by the Central Government with the objective of assisting the small industries in the Government purchase programmes. The corporation provides a vast market for the products of small industries through its marketing network. It also assists the small units in exporting their products in foreign countries.

11.3.2 Government schemes for women in India

India has witnessed a significant surge in the number of women entrepreneurs, marking a model shift towards gender inclusivity in the business field. Recognizing the potential of women as catalysts for economic growth, the Indian government has introduced various schemes to empower and support women entrepreneurs across the country.

Government sponsored initiatives aim to break down barriers, provide financial assistance, and foster an environment conducive to women's entrepreneurial endeavors.

The Indian government has taken significant steps to increase awareness amongst women regarding advantageous government schemes for women.

11.3.2.1 Beneficial Monetary Schemes For Women Entrepreneurs

The government has also launched several government schemes for women schemes in India. For example, the Bhartiya Mahila Bank (BMB) business loan scheme is for women who wish to start their businesses. The scheme provides loans up to ₹20 crores for women owned manufacturing companies at an interest rate of 10.15%. It also offers collateral-free loans up to ₹1 crore for micro and small enterprises.

11.3.2.2 Pradhan Mantri Mudra Yojana

Pradhan Mantri Mudra Yojana provides funding to the unfunded, catering to the financial needs of micro and small entrepreneurs who lack access to traditional banking systems. The scheme recognizes the potential of small enterprises as vital contributors to economic growth and job creation.

11.3.2.3 TREAD (Trade Related Entrepreneurship Assistance and Development) Scheme

The Government of India introduced this scheme with the primary goal of fostering women entrepreneurs. The scheme's core objective is to empower economically disadvantaged women by enhancing their technical skills and entrepreneurial capacities through comprehensive support services. Among the challenges faced by these women, obtaining credit stands out prominently.

Recognizing the difficulty that poor women encounter in accessing credit, the scheme addresses this issue by making credit available through responsible NGOs. These nonprofit organizations play a crucial role in managing the funds and ensuring that the recipients not only receive financial support but also benefit from training and counseling.

11.3.2.4 Mahila Shakti Kendra

This program was launched in 2017 to financially empower women by providing skill development support, digital literacy, employment, and more. Each Shakti Kendra (at national, state, district, and block levels) offers an interface for rural women to avail themselves of benefits via training and capacity building.

11.3.2.5 Mahila-E-Haat For Women Entrepreneurs

The Ministry of Women and Child Development governs this program. Started in 2016, Mahila-E-Haat is a bilingual marketing platform that uses technology to enable budding women entrepreneurs, self-help groups, NGOs, and others to promote their products and services.

11.3.2.6 Stree Shakti

Stree Shakti provides a personal loan to help women expand their businesses. Women must own 50% of the business to qualify for this loan and are eligible for loans up to ₹50 lakhs under this program. It makes it simple for women to run a firm, boosting income flow.

11.3.2.7 Mudra Yojana

The Mudra loan programme, a governmental effort within India, strives to foster entrepreneurship and extend financial aid to micro and small enterprises. It places particular emphasis on empowering and advancing women entrepreneurs, contributing to the enhancement of women's entrepreneurial endeavors within the nation. Mudra loans designed for women are accessible with simplified criteria, and loans up to ₹10 lakhs do not necessitate collateral. Furthermore, the program extends preferential interest rates to female entrepreneurs, rendering it an appealing choice for individuals aspiring to initiate or broaden their business ventures.

11.3.2.8 Economic Empowerment of Women Enterprises and Start-Ups by Women

This initiative, established under the Ministry of Skill Development and Entrepreneurship, offers an incubation and acceleration program designed for women micro-entrepreneurs, facilitating the launch of new ventures and the expansion of current ones. Currently, the program is actively running in the states of Assam, Rajasthan, and Telangana.

11.3.2.9 Stand-Up India Scheme

The Stand-Up India Scheme represents a governmental initiative that aims to foster entrepreneurship within women and marginalized groups. Its focus lies in facilitating financial support through bank loans, ensuring the provision of loans to both a scheduled caste (SC) or scheduled tribe (ST) borrower and a female borrower for the initiation of new ventures. In situations involving non-individual enterprises, it mandates that either an SC/ST entrepreneur or a female entrepreneur must hold a minimum ownership and controlling stake of 51%. This program enables female entrepreneurs to access loans from ₹10 lakhs to ₹1 crore, empowering them to commence or enhance their small scale enterprises.

11.3.2.10 Women's Savings Bank Accounts

Apart from offering the regular savings bank account feature, banks allow women to secure their funds in specially designed savings accounts that categorically fulfill the financial and investment needs of Indian women today and host competitive features as per modern lifestyle expectations.

Banks further offer significant discounts, cashback rewards, gifts, etc., for women who use their savings bank account credit or debit card to shop. The offer also applies to spending on food, wellness, entertainment, etc.

11.3.2.11 Lesser Interest on Loans Taken by Women

Many leading banks provide home loans to women at lower interest rates. In some cases of joint home loans, the banks also offer discounted loan rates if the woman is the first applicant for the specific loan.

Typically, the difference in the rate of interest is nearly 0.05%. In addition, women also get discounted car loans from banks as compared to their male counterparts. The net interest savings across the loan period allow women to save more provided the interest rate remains unchanged throughout the loan tenure. This is even more beneficial when families take a large loan via a female applicant. Apart from low interest rates, some banks also waive any loan processing charges for women.

If the property is in the name of a woman, some states in India offer financial benefits to women in the form of a lower stamp and transfer duty in case of sale deeds, conveyance deeds, and gift deeds. A few states also completely exempt the stamp and transfer duty on real estate transactions for women.

For instance, in Delhi, the stamp duty charge for a sale deed where a woman is a property buyer is 4%. Meanwhile, the stamp duty for a man is 6%. Similarly, the fee for women is lower than for men regarding conveyance and gift deeds. Further, some municipal corporations also let go of the property tax if the property is in a woman's name.

11.3.2.12 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

The initiative launched by the Small Industries Development Bank of India (SIDBI) and the Ministry of MSME aims to offer collateral free financing solutions to micro and small enterprises. This program encompasses both new and existing enterprises. The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) was established to implement this scheme. Under this scheme, eligible borrowers can access credit facilities of up to ₹200 lakh without the need for collateral security or third-party guarantee, contingent upon the project's viability. The guarantee coverage varies, with Micro and Small Enterprises owned or operated by women receiving an 85% guarantee cover, while other borrowers are eligible for up to 75% coverage.

11.3.2.13 Udyam Shakti Portal

The Udyogini scheme aims to foster self reliance and empower women through economic development, offering support for self improvement. This initiative assists aspiring female entrepreneurs by providing loans with favorable interest rates, in contrast to the exorbitant rates in the private sector, establishing a reliable lending source. Eligibility is limited to those with a family income below ₹40,000 annually, with a focus on encouraging loans in the trade and service sector, capped at ₹1 Lakh.

11.3.2.14 Annapurna Scheme

This financial assistance is targeted at women in the food catering industry who are in the early stages of establishing their small scale enterprises. The loan serves as essential capital for these women entrepreneurs, enabling them to acquire necessary equipment and utensils and set up trucks, among other requirements. Within the framework of this women's loan program, participants can sell packaged food items and snacks, a common and successful business avenue for women expert at managing household culinary tasks. This enhances their sales potential, providing an opportunity for improved capital and access to new products, surpassing what they could otherwise afford. The loan limit for this scheme is ₹50,000.

11.5 SUMMARY

EDPs are essentially training programmes which are instrumental in making a person a successful entrepreneur and an active participant in the economic development of the nation. These training programmes help the educated unemployed youth set up their own business concerns on self-employment basis. The target group of EDP training means the group of persons for whom the training is arranged and carried out. The EDPs should be designed and arranged in such a way as to meet the peculiar needs and constraints of the target group. Government plays a very important role in developing entrepreneurship. Government develops industries in rural and backward areas by giving various facilities with the objective of balances regional development.

11.6 TECHNICAL TERMS:

SIDO, EDI, NIESBUD, NSIC, Target groups.

11.7 SELF ASSESSMENT QUESTIONS:

- 1) Explain in detail about target group of EDP
- 2) Write an essay on special agencies for EDP
- 3) Discuss in detail about beneficial monetary schemes for women entrepreneurs

11.8 REFERENCE BOOKS:

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LESSON-12

INSTITUTIONS CONDUCTING EDPs AND EVALUATING EDPs

12.0. OBJECTIVES:

After going through this lesson students will understand

- Various institutions conducting EDPs
- Evaluation of EDPs

STRUCTURE:

12.1 INTRODUCTION

12.2 INSTITUTIONS CONDUCTING EDPs

12.2.1 State Small Industries Corporations

12.2.2 Small Industries Development Corporation (SIDCO)

12.2.3 Small Industries Service Institutes (SISIs)

12.2.4 District Industries Centers (DICs)

12.2.5 National Small Industries Corporation Ltd. (NSIC)

12.2.6 Entrepreneurial Guidance Bureau (EGB)

12.2.7 National Institute of Small Industries Extension Training (NISIET), Hyderabad

12.2.8 Business Schools and Management colleges

12.2.9 Nonprofit Organizations and Incubation Centers

12.3 EVALUATION OF EDPs

12.3.1 Socio cultural background of the entrepreneur

12.3.2 Motivational force

12.3.3 Knowledge and ability of the entrepreneur

12.3.4 Financial Strength

12.3.5 Environmental Variables

12.4 SUMMARY

12.5 TECHNICAL TERMS

12.6 SELF ASSESSMENT QUESTIONS

12.7 REFERENCE BOOKS

12.1 INTRODUCTION

Entrepreneurship development programs are activities to increase knowledge and creativity. EDP encourages the entrepreneurial spirit of people to start and grow their business in both formal and informal sectors. The purposes of EDP are to improve skills, knowledge, and attitudes of targeted individuals and community to start a new business, and to add new jobs, to provide alternatives sources of income, and to initiate economic growth.

Nowadays, EDP implementation is getting more recognition and attention from policymakers and academicians because of its contributions. EDP offered many benefits to the entrepreneurial community. It increases the economic contribution, gives alternative solutions to youth unemployment issues, creates social impact, etc.

12.2 INSTITUTIONS CONDUCTING EDPs

Central and State, have in the past taken a number of measures for the development of small and medium enterprises. Government has set up a number of development institutions to support entrepreneurs. Some of the institutions assisting entrepreneurs include District Industries Centers (DICs) and Industrial Estate, Small Industries Development Organization (SIDO), Small Industries Service Institutes (SISI), Small Industry Development Corporation (SIDCO), Entrepreneurial Guidance Bureau (EGB), National Alliance of Young Entrepreneurs (NAYE), National Productivity Council (NPC) and Venture capital funds (VCF).

In addition, all India financial institutions like IDBI, IFCI, ICICI have promoted or sponsored a number of Technical Consultancy Organizations (TCOs) to assist small entrepreneurs in different ways. Recently, the Small Industries Development Bank of India (SIDBI) has been established to help small scale units. Besides, agencies like Khadi and Village Industries Commission, Commercial Banks, Cooperative Banks, EXIM Bank and National Science and Technology Entrepreneurship Board undertake promotional activities aiming at support in entrepreneurship development.

The SSIB is also known as Central Small Industries Board. The range of developmental work in small scale industries involves several departments or ministries of the Central/State Governments. Hence, to facilitate coordination and interinstitutional linkages, the Small Scale Industries Board has been constituted. The SSIB comprises of 50 members including State Industry Minister, some Members of Parliament, and Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field.

12.2.1 State Small Industries Corporations

Many State Governments have set up Small Industries Corporations in order to undertake a number of commercial activities. The most important of these activities are distribution of inadequate raw materials, supply of machinery on hire purchase basis, constitution and management of industrial estates, procurement of orders from government departments, assistance in export marketing and in certain cases provision of financial, technical and managerial assistance to small enterprises.

12.2.2 Small Industries Development Corporation (SIDCO)

In Tamil Nadu, SIDCO is the state small industries corporation. It plays a lead role in developing small scale sector. It provides the following facilities to small scale units

- It makes provision of constructed sheds/plots in industrial estates. These are sold to entrepreneurs on hire-purchase basis or given on rental basis.
- Assistance in procuring some limited key raw materials like iron and steel, paraffin wax, potassium chlorate, Fatty Acids, etc., through its various distribution centers.
- Financial assistance in the form of subsidies to industrial units in backward areas like Central Investment subsidy, state capital subsidy. Interest Free sales tax loans, power tariff subsidy and margin money assistance for the rehabilitation of the sick small scale industries.
- Marketing assistance to small entrepreneurs.

12.2.3 Small Industries Service Institutes (SISIs)

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 and 30 branch SISIs set up in State capital and other places all over the country. The SISIs also render assistance in the following areas:

- Economic Consultancy/Information/EDP Consultancy
- Trade and market information
- Project profiles
- State industrial potential survey.
- District industrial potential survey
- Modernization and in plant studies
- Workshop facilities
- Training in various trade/activities

12.2.4 District Industries Centers (DICs)

The District Industries Centers (DICs) were established in May 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 visualized as a single window interacting agency with the entrepreneur at the district level. Services and support to small entrepreneurs are provided under a single roof through the DICs. They are the implementing arm, of the Central and State Governments for various schemes and programmes. Registration of small industries is done at the district industries centers. The organizational structure of DICs consists of General Manager, four Functional Managers and three Project Managers to provide technical service in the area relevant to the needs of district concerned. Management of the DIC's is done by the State Governments. The scheme has now been transferred to the states and from the year 1993-94, funds will not be provided by the Central Government to the States for running the DICs.

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

- To conduct industrial potential surveys keeping in view the availability of resources in terms of material and human skill, infrastructure, demand for product, etc.
- To prepare techno-economic surveys and identify product lines and then to provide investment advice to entrepreneurs.
- To prepare an action plan to effectively implement the schemes identified.
- To guide entrepreneurs in matters relating to selecting the most appropriate machinery and equipment, sources of its supply and procedure for procuring imported machinery, if needed, assessing requirements for raw materials etc.
- To appraise the worthiness of the various proposals received from entrepreneurs.
- To assist the entrepreneurs in marketing their products and assess the possibilities of export promotion of their products.
- To undertake product development work appropriate to small industries.

12.2.5 National Small Industries Corporation Ltd. (NSIC)

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

Its main functions are:

- To provide machinery on hire-purchase scheme to small scale industries.
- To provide equipment leasing facility.
- To help in export marketing of the products of small scale industries.
- To develop proto-type of machines and equipments to pass on to small scale industries for commercial production.
- To distribute basic raw material among small scale industries through raw material depots.
- To help in the development and up gradation of technology and implementation of modernization programmes of small scale industries.
- To impart training in various industrial trades.
- To undertake the construction of industrial estates.

12.2.6 Entrepreneurial Guidance Bureau (EGB)

The EGB has, been set up to guide entrepreneurs in identifying investment opportunities, assisting them in selecting locations or the projects, preparing project profiles,

assisting them to get financial assistance. EGB has been supplying information pertaining to the products that offer scope for manufacture, statistical details relating to demand, capacity production, sources of raw materials, types of equipments required, investment involved, sources of finance, etc. Information of procedures pertaining to obtaining letters of intent, import of capital equipment, and export of finished products is also furnished. EGB also renders assistance from banks/financial institutions or for submitting proposals for the letter of intent, etc. EGB also establishes direct contact with engineering graduates, technically qualified personnel and small entrepreneurs to promote entrepreneurship development.

- To render required support for the development of ancillary units
- To encourage small scale industries to actively participate in Government Stores Purchase Programme by giving them necessary guidance, market advice and assistance. Functions Relating to Extension
- To provide consultancy and training services to strengthen the competitive ability of small scale industries.
- To render marketing assistance to small-scale industries to effectively sell their products
- To provide assistance in economic investigation and information to small scale industries

12.2.7 National Institute of Small Industries Extension Training (NISIET), Hyderabad

This institute was set up in 1956 to develop the required manpower for running small-scale industries in the country. Accordingly, its main functions include, impart training to the persons engaged in small-scale industries. Undertake research studies relating to development of small-scale industries.

Enter into agreements relating to consultancy services both with national and international organizations to provide consultancy services to small industries in the country. The institute conducts courses in business management for the benefit of the entrepreneurs and semi-managerial personnel of small industries. Other Institutes Supporting Entrepreneurs Following are some of the important institutes set up by the Government for development of small-scale industries:

- Electronic Training and Service Institute, Nainital.
- Central Machine Tools Limited, Bangalore.
- Sports Goods and Leisure Time Equipment, Meerut.
- Central Institute of Plastics Engineering and Tools, Madras.
- National Institute of Foundry and Forging Technology, Ranchi.

12.2.8 Business Schools and Management Colleges

EDPs are a common component of the entrepreneurship education programmes offered by several business schools and management colleges in India. A mix of classroom instruction, hands on training, and mentoring are offered to potential entrepreneurs via these programmes.

Early-stage firms may get assistance from startup accelerators and innovation hubs like T-Hub, NASSCOM Startup Warehouse, and IIM Ahmedabad's Centre for Innovation, Incubation, and Entrepreneurship (CIIE). In order to assist potential entrepreneurs, a number of institutions in India actively run entrepreneurial development programmes (EDPs). These organizations provide a broad variety of instruction, guidance, and tools to assist people in developing the abilities and expertise required for successful entrepreneurship. Aspiring Indian entrepreneurs might improve their chances of starting and expanding successful enterprises by using the knowledge and assistance offered by these organizations. These cells run EDPs and assist potential entrepreneurs in collaboration with academic institutions, business organizations, and other stakeholders.

12.2.9 Nonprofit Organizations and Incubation Centers

EDPs are conducted by a number of non-profit organizations and incubator facilities around India. These organizations concentrate on certain industries or seek out particular entrepreneur demographics, such as female entrepreneurs, rural entrepreneurs, or startups in the technology industry.

At present, there are 17 TCOs operating in various states, some of them covering more than one state. These 17 TCOs are:

- Andhra Pradesh Industrial and Technical Consultancy Organization Ltd. (APITCO).
- Bihar Industrial and Technical Consultancy Organization Ltd. (BITCO).
- Gujarat Industrial and Technical Consultancy Organization Ltd. (GITCO).
- Haryana-Delhi Industrial Consultants Ltd. (HARDICON).
- Himachal Consultancy Organization Ltd. (HIMCO).
- Industrial and Technical Consultancy Organization of Tamil Nadu Ltd. (ITCOT).
- Jammu and Kashmir Industrial and Technical Consultancy Organization Ltd. (J&KTTCO).
- Karnataka Industrial and Technical Consultancy Organization Ltd. (KITCO).
- Madhya Pradesh Consultancy Organization Ltd. (MPCON).
- Maharashtra Industrial and Technical Consultancy Organization Ltd. (MITCON).
- North-Eastern Industrial Consultants Ltd. (NECON).
- North-Eastern Industrial and Technical Consultancy Organization Ltd. (NEITCO).
- North-India Technical Consultancy Organization Ltd. (NITCON).
- Orissa Industrial and Technical Consultancy Organization Ltd. (ORITCON).
- Rajasthan Consultancy Organization Ltd. (RAJCON).
- U.P. Industrial Consultants Ltd. (UPICO).
- West Bengal Consultancy Organization Ltd. (WEBCON).

12.3 EVALUATION OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMS (EDP)

The attention of EDP is booming worldwide. Although there is debate whether these programs should be introduced at an early age (elementary school) or university level, more and more public policy “initiatives” related to entrepreneurship are implemented by the government to accelerate the growth of business and enhance entrepreneurial spirit and literacies. However, the important question now arises, whether the implementation of EDP affects the intended goals and produces an effective result.

The impact of the program or session on trainees, students, and other participants may be an appropriate evaluation criterion; there is still the issue of how to measure it. What should the indicators be, and how should they be measured; How can you quantify a shift in someone's intention or behavior; How the sign of the time component may be considered; And how can educational, teaching, and training aspects be distinguished from all other factors that influence the decision to pursue a particular career path or profession.

Evaluation of an EDP can be judged on the basis of extent of success achieved in the realization of objectives established under EDP. According to Dr. Sharma entrepreneurial performance is a function of the following factors.

12.3.1 Socio cultural background of the entrepreneur

This implies the environment in which the entrepreneur was born and brought up. It conditions the values and attitudes of the entrepreneur.

12.3.2 Motivational force

It implies the motives which prompts a person to undertake entrepreneurship e.g. wealth, status, self employment etc.

12.3.3 Knowledge and ability of the entrepreneur

It refers to the education, training and experience of the entrepreneur.

12.3.4 Financial Strength

It means the funds which an entrepreneur can mobilize from internal and external sources.

12.3.5 Environmental Variables

These consist of government policies, market conditions, availability of technology and labour situation. Various studies have been undertaken by different organizations to find out how many participants in different EDPs have actually started their own enterprise after completing their training under EDPs.

Entrepreneurship Development Institute of India, Ahmadabad had made nationwide evaluation study on the effectiveness of EDPs. The major findings of this study include One out of four trainees actually started his/her enterprise after completing EDPs. The final start up rate is higher around 32%. About 10 % trainees are found blocked due to various reasons at various stages in the process of setting up their enterprises. If proper assistance is not provided they may add to the category of 29 % trainees who have already dropped the idea of setting up their own enterprises 17 % have given up the idea of starting their ventures as they are engaged in other activities.

The following main criteria can be employed to comment on the performance of entrepreneurs.

- **Financial Results**

Judgment about the financial health of the enterprise can be made on the basis of various yardsticks like return on capital employed, net profit over sales etc.

- **Gestation Period**

It represents the time gap between the registration and commencement of commercial production. Gestation period of two to three years is regarded as satisfactory by the financial institutions. Projects can be delayed due to various reasons like delay in governmental approvals, assistance from financial institutions, manpower availability problem and problems with collaborators.

- **Capacity Utilization**

It depends upon the demand for finished products and availability of various factors of production like funds, raw material, power labour etc. Break even occurs for majority of entrepreneurs at 60 percent of installed capacity. Approximately 50 percent of entrepreneurs were operating at 80% of installed capacity.

- **Expansion and Diversification**

Expansion refers to the increased production of the same product whereas diversification implies production of new type of products. Depending upon the demand and availability of resources firms can opt for expansion or diversification.

- **Value Addition**

It refers to the gross value of output minus value of raw materials and other inputs used in the production. More is the value addition more efficient is the entrepreneur

- **Other Factors**

Various other factors can be used to examine entrepreneurial effectiveness. These can be employment generation, rural development, sales turnover, export promotion and import substitution etc.

12.5 SUMMARY:

Nowadays, EDP implementation is getting more recognition and attention from policymakers and academicians because of its contributions. EDP offered many benefits to the entrepreneurial community. Central and State, have in the past taken a number of measures for the development of small and medium enterprises. Government has set up a number of development institutions to support entrepreneurs. The attention of EDP is booming worldwide. Although there is debate whether these programs should be introduced at an early age (elementary school) or university level, more and more public policy “initiatives” related to entrepreneurship are implemented by the government to accelerate the growth of business and enhance entrepreneurial spirit and literacies. The attention of EDP is

booming worldwide. Although there is debate whether these programs should be introduced at an early age (elementary school) or university level, more and more public policy “initiatives” related to entrepreneurship are implemented by the government to accelerate the growth of business and enhance entrepreneurial spirit and literacies. However, the important question now arises, whether the implementation of EDP affects the intended goals and produces an effective result.

Evaluation of an EDP can be judged on the basis of extent of success achieved in the realization of objectives established under EDP.

12.6 TECHNICAL TERMS:

NSIC, EGB, BITCO, WEBCO, NISIET

12.7 SELF ASSESSMENT QUESTIONS:

- 1) Explain about various institutions conducting EDPs
- 2) Discuss in detail about evaluation of EDPs
- 3) Describe the role of entrepreneurial guidance bureau

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Dr. P. Kiranmayi

LESSON-13

DEVELOPMENT OF THE BUSINESS PLAN: IDEA GENERATION AND VALIDATING THE IDEA

13.0. OBJECTIVES:

After going through this lesson students will understand

- The process of generating business ideas and its significance in the planning phase.
- Various techniques for identifying and brainstorming viable business concepts.
- The role of feasibility studies in assessing the practicality and potential of a business idea.
- Importance of market research and customer feedback in validating a business idea.
- Effectiveness of a business idea by using tools such as SWOT analysis and competitor assessments.

STRUCTURE:

13.1 INTRODUCTION

13.2 DEVELOPMENT OF THE BUSINESS PLAN: IDEA GENERATION

13.3 VALIDATING THE IDEA

13.4 SUMMARY

13.5 TECHNICAL TERMS

13.6 SELF ASSESSMENT QUESTIONS

13.7 REFERENCE BOOKS

13.1 INTRODUCTION

Crafting a business plan begins with the critical step of discovering and assessing a promising business idea. A business plan is not merely a document; it is the blueprint that outlines the vision, mission, strategies, and practical steps needed to launch and sustain a successful enterprise. The quality and viability of the initial idea form the foundation upon which the entire plan is built. Without a sound idea backed by evidence of market demand, even the most well-structured business plan may fail. This lesson delves into the methods of

generating innovative business ideas and the systematic process of validating them to ensure they are practical and desirable in the marketplace.

13.2 DEVELOPMENT OF THE BUSINESS PLAN: IDEA GENERATION

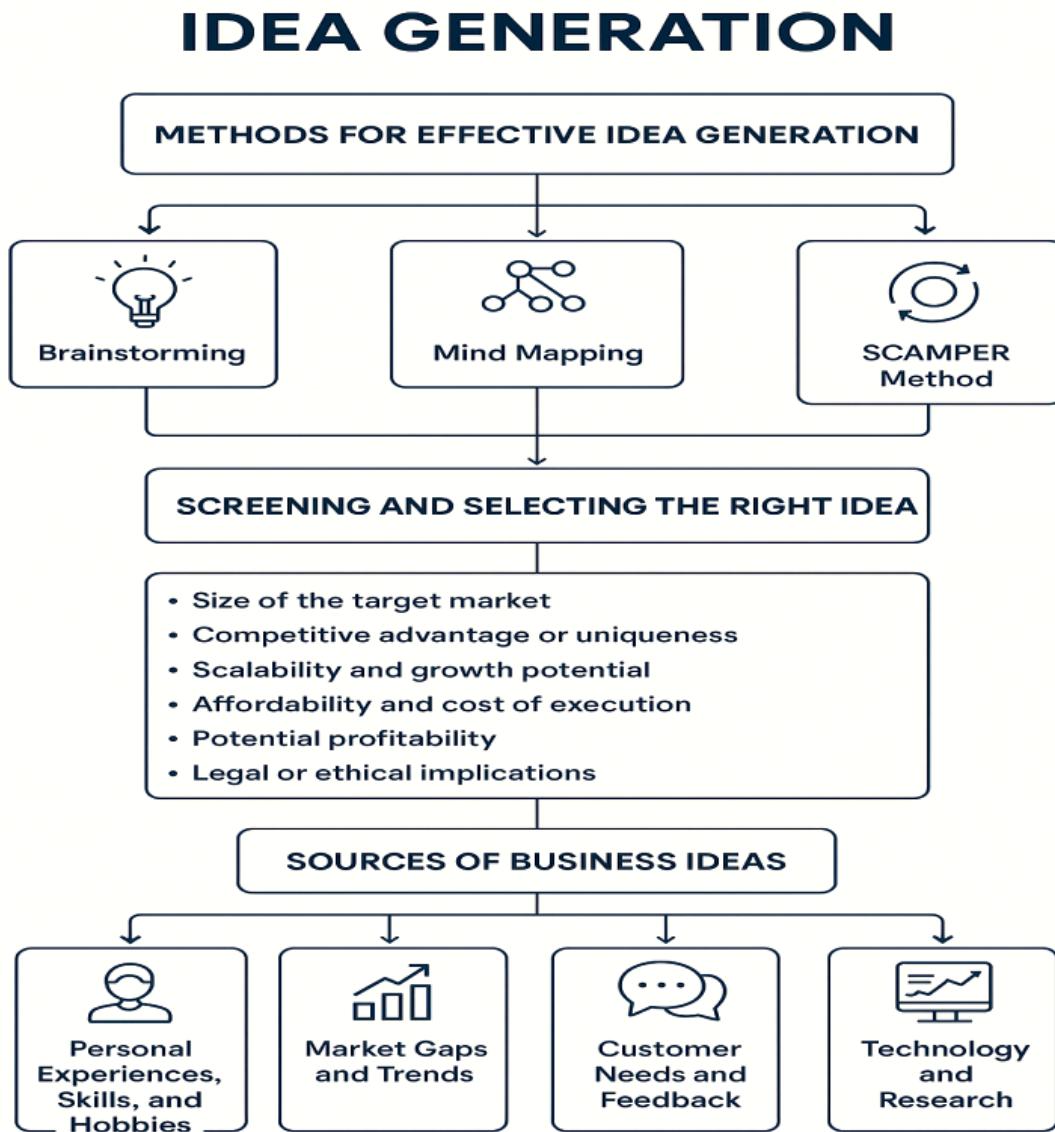


Fig. 13.1

Idea Generation:

Idea generation refers to the creative and strategic process through which new business concepts are conceived. These ideas could involve launching a new product, introducing a unique service, or providing an innovative solution to an existing problem. Entrepreneurs often look for opportunities by identifying gaps in the market, inefficiencies in current offerings, or emerging trends that signal future demand.

Business ideas can originate from various personal and external sources. Personal experiences, hobbies, and passions often inspire innovative concepts. A person with a strong interest in nutrition, for example, might come up with a business model focused on healthy meal alternatives. Similarly, individuals with professional expertise in a particular field can often detect specific issues or inefficiencies that others overlook, creating opportunities for targeted solutions.

Observation is another key method. Entrepreneurs who observe customer frustrations, emerging lifestyle changes, or shifts in consumer behavior can identify unmet needs. Additionally, inspiration can come from technological innovations, academic research, and customer feedback, all of which can serve as a catalyst for the birth of new ideas.

Methods for Effective Idea Generation:

To move beyond spontaneous thinking, entrepreneurs employ structured idea generation techniques.

These methods not only expand the pool of possible ideas but also enhance their quality and relevance:

- Brainstorming: This technique encourages free-thinking in a non-judgmental environment to generate as many ideas as possible.
- Mind Mapping: A visual tool that begins with a central idea and branches out into related concepts, helping uncover connections and alternatives.
- SCAMPER Method: A creative framework involving actions like substituting, combining, adapting, modifying, putting to other uses, eliminating, and rearranging elements of existing products or ideas to inspire innovation.
- SWOT Analysis: By analyzing internal strengths and weaknesses alongside external opportunities and threats, entrepreneurs can identify feasible and strategic business ideas.
- Data collection through questionnaires/schedules etc. from consumers, existing companies, dealers and retailers.
- Invitation of ideas through advertisements, mails, internet.
- Market research : involves collecting, analyzing and interpreting data about consumers, competitors and the overall market to develop ideas that can lead to successful products, services or marketing strategies.
- Value addition to the current product or service

- These days even contests are being organized to identify business ideas like 'business bazigaar' on star TV, which invites participation in the contest and rewards the best business plan.

These tools help ensure that the generated ideas are not only innovative but also grounded in reality and tailored to specific markets or industries.

Screening and Selecting the Right Idea:

Once a list of potential business ideas has been created, the next logical step is screening. This involves assessing each idea against specific criteria to determine its feasibility, potential profitability, and alignment with available resources. Not all ideas, no matter how creative, are suitable for implementation.

Important criteria used for screening may include:

- Size of the target market
- Competitive advantage or uniqueness
- Scalability and growth potential
- Affordability and cost of execution
- Potential profitability
- Legal or ethical implications

A weighted scoring model can be applied where each criterion is assigned a specific weight based on its importance. Ideas are then rated accordingly, allowing for a more objective selection of the most promising concept. This structured evaluation ensures that resources are invested in ideas with a high probability of success.

Sources of Business Ideas

Business ideas can originate from multiple sources.

- Personal Experiences, Skills, and Hobbies: Many entrepreneurs identify opportunities from their own expertise or passions.
- Market Gaps and Trends: Observing unmet needs or emerging trends can inspire innovative ideas.
- Customer Needs and Feedback: Listening to consumer preferences often reveals areas where products or services can be improved.
- Technology and Research: Advancements in technology and scientific research frequently create new business opportunities.

13.3 VALIDATING THE IDEA

Idea Validation

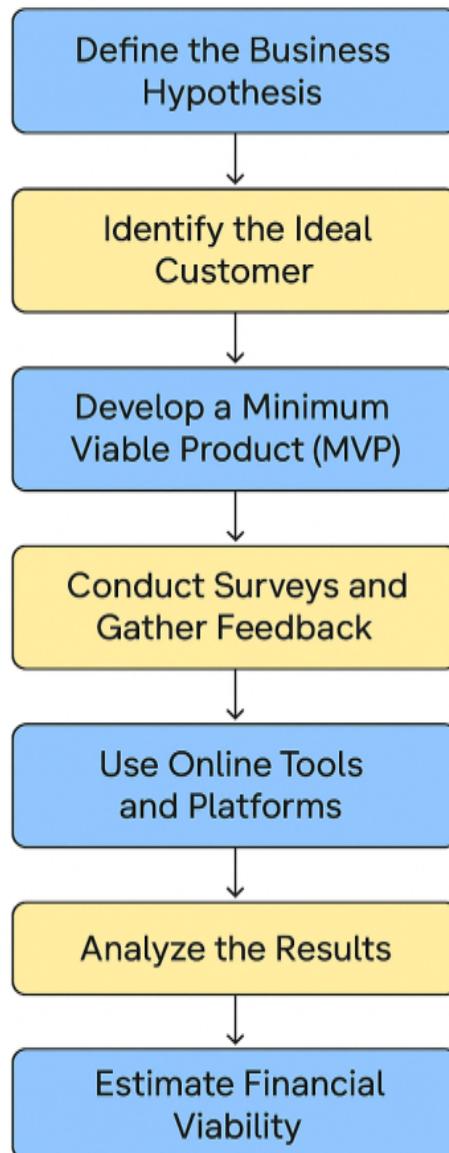


Fig. 13.2

Idea Validation

Idea validation is the process through which entrepreneurs test whether there are genuine interest and demand for their proposed business idea. It helps confirm that the idea is not just appealing in theory but also valuable to real customers. Validation reduces the risk of launching products that fail in the market and offers insights that can be used to refine the concept before scaling.

This phase is essential before writing the full business plan or securing funding, as it provides data-driven evidence that supports the business concept.

Steps to Validate a Business Idea

1. Define the Business Hypothesis

The first step in validation is to clearly articulate the core assumption. For example, if someone wants to create an instant millet-based snack for teenagers, their hypothesis might be: “Health-conscious adolescents are likely to purchase a nutritious, millet-based snack as an alternative to junk food.”

2. Identify the Ideal Customer

Understanding who will use or buy the product is critical. This includes identifying the customer's age, income, location, lifestyle preferences, and purchasing behaviors. Knowing your target audience helps in creating surveys and marketing strategies tailored to their needs.

3. Develop a Minimum Viable Product (MVP)

An MVP is a simplified version of the product that includes only the essential features. It allows entrepreneurs to test whether users find value in the core offering without spending heavily on full-scale development. In our millet snack example, a basic version of the mix could be prepared and distributed for initial feedback.

4. Conduct Surveys and Gather Feedback

Direct engagement with potential customers through surveys, interviews, and focus group discussions is an effective way to measure interest and expectations. Questions should be designed to assess perceived value, pricing sensitivity, packaging preferences, and willingness to buy.

5. Use Online Tools and Platforms

Entrepreneurs can set up landing pages, run online advertisements, or use social media to gauge interest. Metrics such as email sign-ups, pre-orders, and click-through rates can indicate whether there is enough curiosity or demand for the idea.

6. Analyze the Results

After collecting feedback, it is crucial to review the results objectively. If the feedback is overwhelmingly negative or indifferent, it may be necessary to revisit the idea, make modifications, or even pivot to a new direction.

7. Estimate Financial Viability

Validation also involves ensuring that the idea can be financially sustainable. A basic cost analysis, pricing strategy, and revenue projection should be done to evaluate whether the business can generate a profit in a reasonable timeframe.

Practical Tools for Idea Validation

Several tools and resources are available for entrepreneurs to validate their ideas efficiently:

- Google Trends: To assess interest over time in relevant search terms.
- Survey Tools: Platforms like Google Forms and Typeform can be used to collect structured feedback from potential customers.
- Crowd funding Sites: Websites such as Kickstarter or Indiegogo allow entrepreneurs to test market willingness by encouraging pre-orders or small investments.
- A/B Testing: Presenting two different versions of an idea to determine which resonates more with customers.
- Landing Pages: A simple one-page website promoting the product and tracking visitor actions like clicks and email signups.

These tools offer real-time insights and help reduce the guesswork involved in launching a new business.

Case Illustration: Millet-Based Instant Mix for Adolescents

To illustrate the process, let us consider a case where an entrepreneur seeks to promote health among adolescents through an instant mix made from sprouted millets. The idea was sparked by growing concerns over childhood obesity and a noticeable rise in demand for traditional, nutrient-dense grains like millets.

The entrepreneur formulated a basic version of the product and conducted a pilot test in three local schools. Students were asked to taste the product and provide feedback on taste, packaging, and their interest in consuming such snacks regularly. The results showed that while the nutritional benefits were appreciated, improvements in flavor and visual appeal were required.

After refining the product based on this feedback, the entrepreneur designed appealing packaging, introduced new flavor options, and ran a small advertising campaign on social media targeting parents and school-going children. The positive response helped the entrepreneur gain confidence to proceed with formal business planning and scale production.

This example demonstrates how validation ensures alignment between the product and customer expectations before large-scale investment is made.

Common Pitfalls in Idea Validation

While validation is essential, several challenges can reduce its effectiveness:

- Biased Feedback: Feedback from friends or family may not be objective or reliable.

- Small Sample Size: Testing on a very limited audience may not reflect the general market sentiment.
- Misidentified Target Audience: Engaging the wrong group of people can produce misleading results.
- Overconfidence: Entrepreneurs may ignore negative signals due to emotional attachment to the idea.

To overcome these issues, it is advisable to reach out to a broader and more diverse group, accept constructive criticism, and remain flexible in adapting the idea based on honest feedback.

Screening and Selecting Ideas

Not all ideas are feasible; hence, screening is essential.

- Market Size: Evaluating demand and potential customers.
- Competitive Advantage: Checking how the idea stands out in the marketplace.
- Scalability: Assessing whether the idea can grow over time.
- Cost and Resources: Analyzing the inputs required for implementation.
- Profit Potential: Estimating the ability to generate income.
- Legal/Ethical Aspects: Ensuring compliance with laws and ethical standards.

Idea Validation

Before moving forward, ideas must be tested for practicality.

- Define Hypothesis: Establish assumptions about the business model.
- Identify Target Customer: Specify the customer segment to be served.
- Develop MVP (Minimum Viable Product): Create a basic prototype for testing.
- Conduct Surveys and Feedback: Gather insights directly from potential users.
- Test with Online Tools: Use ads, landing pages, or crowd funding platforms to gauge interest.
- Analyze Results and Refine: Evaluate feedback and make necessary adjustments.
- Estimate Financial Viability: Assess revenue potential and costs involved.

Decision Point

After validation, entrepreneurs decide the next step.

- Positive Validation: If results are promising, proceed to develop a detailed business plan.

- Negative Validation: If results are unfavorable, refine the idea or return to the idea generation stage.

13.4 SUMMARY:

This lesson introduces the foundational stages of business planning, focusing on idea generation and validation. Creativity and innovation play a central role, and students learn techniques like brainstorming, mind mapping, SWOT analysis, and SCAMPER to generate ideas that align with market needs and personal skills. Once ideas are developed, feasibility studies are used to validate them by assessing practicality, market potential, and financial viability through tools such as surveys, focus groups, and competitor analysis. The lesson also highlights the importance of prototyping or creating a Minimum Viable Product (MVP) to test ideas in real markets, using early customer feedback to refine and improve. By the end, students will understand how to generate, evaluate, and validate business ideas, building a strong foundation for future ventures.

13.5 TECHNICAL TERMS:

Idea Generation,
Feasibility Analysis,
SWOT Evaluation,
Market Investigation,
Minimum Viable Product,
Prototype Development.

13.6 SELF ASSESSMENT QUESTIONS:

- 1) What methods can be used to generate feasible and innovative business ideas?
- 2) How do feasibility studies assist in determining the viability of a business idea?
- 3) In what ways can SWOT analysis be applied to evaluate the strengths and weaknesses of a business idea?
- 4) How does conducting market research aid in confirming the potential of a business concept?
- 5) What is the significance of creating a Minimum Viable Product (MVP) in testing a business idea?
- 6) How can insights from early users or customers help refine and validate a business idea?

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Dr. B. Babitha

LESSON-14

STATEMENT OF OBJECTIVES AND DESCRIPTION OF PRODUCT/SERVICE, CLIENTS AND SCOPE, MARKET RESEARCH AND ANALYSIS

14.0. OBJECTIVES:

After going through this lesson students will understand

- The goals and purpose of a business plan with clarity and precision.
- Illustrate how to describe a product or service, emphasizing its distinct features and customer value.
- Identify the target clients and outline the scope and reach of the proposed business.
- Importance of market research in evaluating customer needs, industry conditions, and competitors.

Interpret and utilize market analysis to support strategic planning and business growth.

STRUCTURE:

14.1 INTRODUCTION

14.2 STATEMENT OF OBJECTIVES

14.3 DESCRIPTION OF PRODUCT/SERVICE

14.4 CLIENTS AND SCOPE

14.5 MARKET RESEARCH AND ANALYSIS

14.6 SUMMARY

14.7 TECHNICAL TERMS

14.8 SELF ASSESSMENT QUESTIONS

14.9 REFERENCE BOOKS

14.1 INTRODUCTION

A strong business plan starts with clear objectives that define the goals and vision of the venture, providing direction for decision-making, prioritizing activities, and measuring progress. The product or service description is equally important, highlighting unique

features, value, and benefits to attract customers and investors. Defining the target clients and business scope ensures that products and services align with customer needs while outlining the market reach, geographical coverage, and growth potential. The lesson also emphasizes market research and analysis, which helps businesses understand customer preferences, study competitors, identify opportunities, and adapt strategies to industry trends. By the end of the lesson, students will understand how to set objectives, describe offerings, define target clients and scope, and use market research to strengthen their business strategy.

14.2 STATEMENT OF OBJECTIVES

Establishing clear business objectives is the essential first step in crafting a successful venture. Objectives act as a roadmap, guiding all strategic decisions and operational activities. They help define the direction in which the business intends to move and offer a framework for measuring performance and success over time.

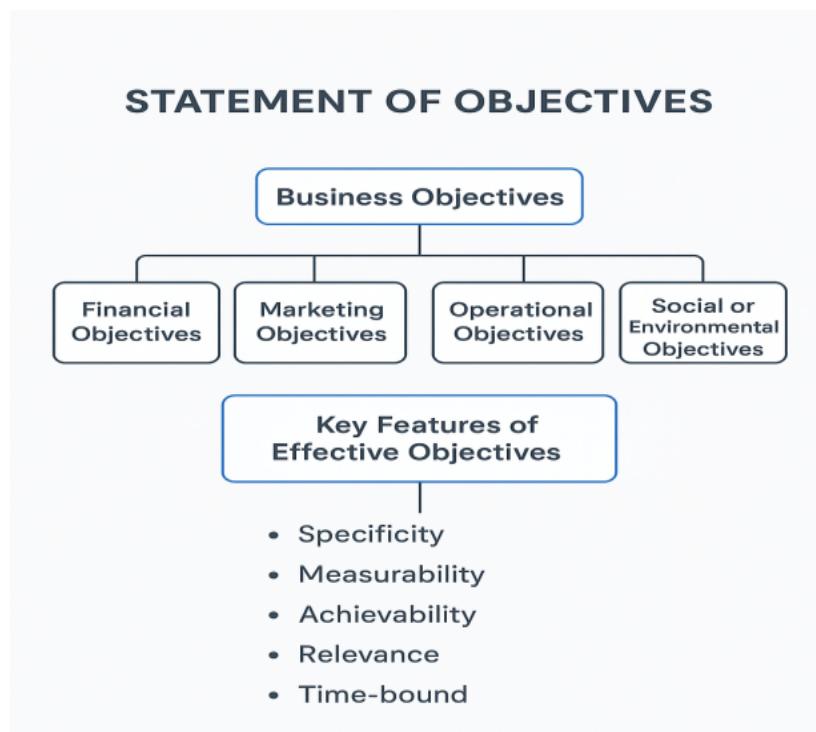


Fig. 14.1

Business objectives can be broadly categorized into:

- **Financial Objectives:** Goals related to revenue generation, profitability, return on investment, and financial stability.
- **Marketing Objectives:** Targets such as increasing brand awareness, capturing a specified market share, or launching products within a certain timeframe.
- **Operational Objectives:** Aims like enhancing production efficiency, improving customer service processes, or achieving supply chain optimization.

- Social or Environmental Objectives: A growing number of businesses also include aims related to social impact, sustainability practices, and community engagement.

Key Features of Effective Objectives

- Specificity: Objectives must be clear and unambiguous.
- Measurability: There must be a way to quantify progress.
- Achievability: They should be realistic, considering current resources and capabilities.
- Relevance: Objectives must align closely with the organization's mission and vision.
- Time-bound: Deadlines or specific timeframes for achieving objectives must be outlined.

Example:

A company offering healthy snacks might set an objective like:

- "Achieve ₹50 lakh in annual sales and secure 5% market share in the Delhi NCR healthy food market within two years."
- Such clarity ensures every team member understands the business priorities and works towards common goals.

14.3 DESCRIPTION OF PRODUCT/SERVICE:

After setting objectives, it becomes essential to describe the product or service in detail. This section offers a comprehensive overview of what the business offers and highlights the value delivered to customers.

A well-drafted description should explain:

- What the product or service is.
- What needs it fulfills for the customer.
- Its standout features and advantages over competitors.
- The stage of development: concept, prototype, or ready-for-market.
- Components of a Comprehensive Product/Service Description
- Features: Technical aspects, composition, design, or any specific characteristics that define the product.
- Customer Benefits: How the product or service improves quality of life, saves time or money, or resolves a particular problem.
- Unique Selling Proposition (USP): The elements that make the product/service unique and attractive compared to other offerings.

- Pricing Structure: An outline of the intended pricing, including value positioning (premium, affordable, competitive).
- Current Status: Information about any research, testing, certifications, or intellectual property secured.

Example:

For a sprouted millet-based instant mix targeting adolescents:

- Product: A ready-to-use healthy instant mix prepared from sprouted millets.
- Features: High in fiber, rich in protein, fortified with essential micronutrients; multiple flavors appealing to younger audiences.
- Benefits: Assists in weight management, boosts energy levels, and promotes overall well-being.
- USP: Fusion of traditional nutritional science with modern taste preferences.

A clear and compelling description ensures that investors, partners, and customers instantly understand the product's value.

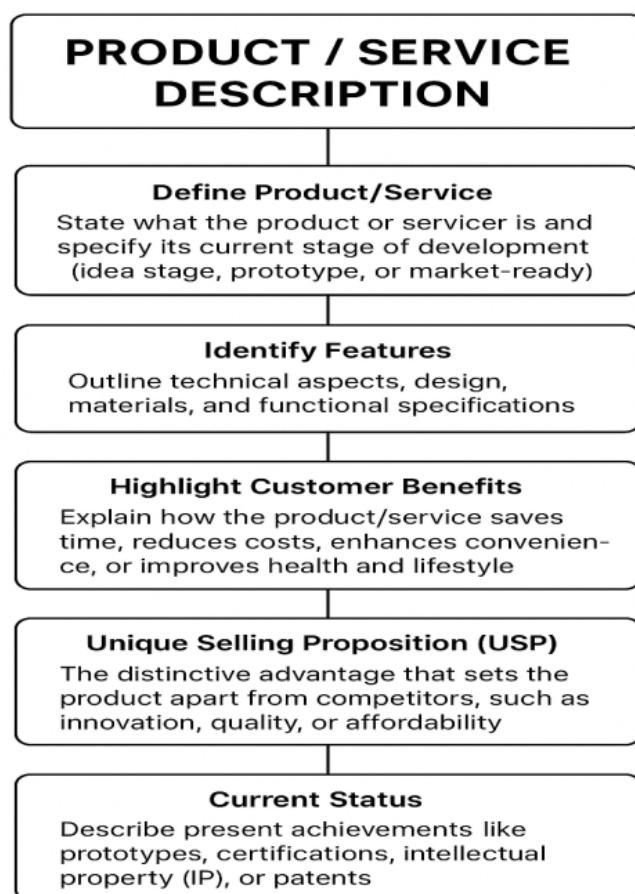


Fig. 14.2: Product/Service Description

- A clear description of the product or service is essential for understanding its value proposition and potential.
- Define Product/Service: This involves stating what the product or service is and its current stage of development (idea stage, prototype, or market-ready).
- Identify Features: Includes technical aspects, design, materials, and functional specifications.
- Highlight Customer Benefits: Explains how the product/service saves time, reduces costs, enhances convenience, or improves health and lifestyle.
- Unique Selling Proposition (USP): The distinctive advantage that sets the product apart from competitors, such as innovation, quality, or affordability.
- Pricing Structure: Determines whether the offering is positioned as premium, competitive, or affordable in the market.
- Current Status: Covers present achievements like prototypes, certifications, intellectual property (IP), or patents.

14.4 CLIENTS AND SCOPE

Identifying the primary clients and outlining the business's scope is critical to shaping a strategic plan. This part clarifies who the business will serve and delineates the extent of its operations.

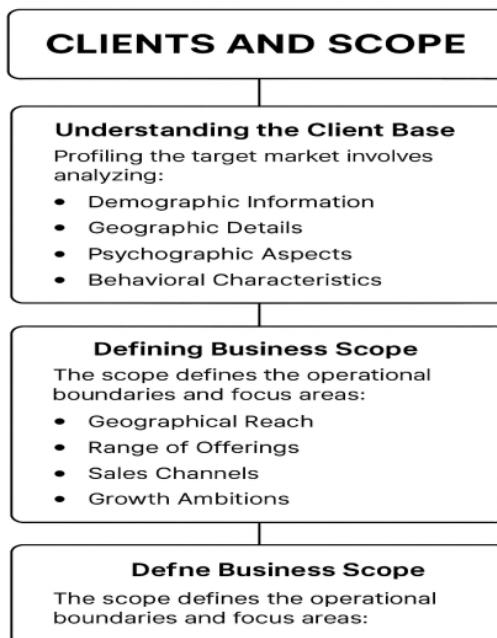


Fig. 14.3: Understanding the Client Base

Clients are those individuals, groups, or organizations who will purchase or benefit from the offering. Profiling the target market involves analyzing:

- Demographic Information: Age, gender, income bracket, education level, and profession.
- Geographic Details: The regions or areas where the product or service will be sold.
- Psychographic Aspects: Lifestyle, personality traits, values, and interests.
- Behavioral Characteristics: Buying habits, brand loyalty, and responsiveness to promotions.

Example Target Client:

For a health-focused millet mix:

- Adolescents aged 12–18 years.
- Urban families from middle- to upper-income groups.
- Health-conscious parents seeking nutritious food choices for their children.

Defining Business Scope

The scope defines the operational boundaries and focus areas:

- Geographical Reach: Local markets, regional expansion plans, or national-level distribution.
- Range of Offerings: Single product focus initially, with potential to diversify later.
- Sales Channels: Online sales through e-commerce platforms, direct partnerships with schools, retail partnerships, and health stores.
- Growth Ambitions: Future plans for expanding the product line (e.g., flavored variants, ready-to-drink formats).

Clearly articulating clients and scope prevents resource dilution and helps align marketing, production, and sales efforts effectively.

Understanding the target clients and the scope of the business helps define the direction of growth.

- Identify Target Clients: Based on demographic (age, gender, income), geographic (location), psychographic (lifestyle, values), and behavioral (buying habits) characteristics.
- Define Business Scope: Includes geographical reach (local, national, global), range of offerings (single product or product line), sales channels (online, retail, wholesale), and growth ambitions (expansion plans).

- Example Target Client: Adolescents, urban families, or health-conscious parents, depending on the nature of the product/service.

14.5 MARKET RESEARCH AND ANALYSIS

A thorough market research and analysis process lays the groundwork for informed business decisions. It helps entrepreneurs understand the competitive landscape, customer needs, industry trends, and potential risks.

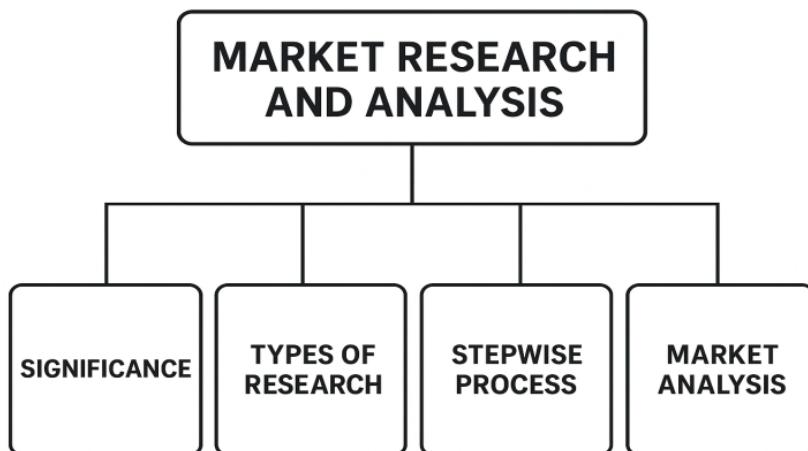


Fig. 14.4

A preliminary discussion with consumers, retailers, distributors, competitors, suppliers etc. is carried out to understand the consumer preferences, existing, latent and potential demands, strategy of competitors and practices of distributors, retailers etc.

The objective of a formal study needs to be comprehensive enough that they are able to generate the desired answers to the following questions:

- 1) Who are the consumers (customers), both present and prospective?
- 2) What is the present and future demand?
- 3) How is the demand distributed seasonally (for example, air conditioners are required from May to September in most part of our country)?
- 4) How is demand distributed geographically?
- 5) How much price is the consumer willing to pay?
- 6) What is the marketing mix of competitors?
- 7) What marketing mix would the consumers accept?

Significance of Market Research

Conducting market research enables businesses to:

- Identify customer preferences and unmet needs.

- Gauge the level of competition.
- Understand market dynamics and industry trends.
- Estimate demand potential and revenue forecasts.
- Mitigate risks by basing decisions on factual data rather than assumptions.

Without solid market research, businesses risk misaligning their products with real-world needs or entering unsustainable markets.

Types of Market Research

- Primary Research: Direct collection of data from potential customers using surveys, interviews, focus groups, and product testing.
- Secondary Research: Analyzing existing data sources such as industry reports, government statistics, journal articles, and competitor websites.

Both methods complement each other; while secondary research offers broad insights, primary research provides customized, actionable feedback.

Conducting Market Research: A Stepwise Approach

- 1) Defining the Objective: Clearly state the purpose of the research, such as understanding purchasing behavior or evaluating pricing sensitivity.
- 2) Choosing Research Tools: Decide between online surveys, face-to-face interviews, or social media polls depending on the target group.
- 3) Data Collection: Gather information systematically from a well-chosen, representative sample.
- 4) Data Interpretation: Analyze the results to spot trends, patterns, gaps, and opportunities.
- 5) Strategy Development: Use findings to fine-tune product features, marketing strategies, distribution plans, and pricing.

Key Elements in Market Analysis

- Industry Overview: An analysis of the sector's current state, growth rate, innovations, and future outlook.
- Target Market Details: Comprehensive profiling of the intended customer base.
- Competitor Mapping: Detailed study of direct and indirect competitors, their market shares, strengths, weaknesses, and market strategies.
- Customer Insights: Understanding buying triggers, brand loyalty factors, and service expectations.

- Regulatory Framework: Awareness of laws, standards, and compliance requirements that affect business operations.

Example:**For the millet instant mix:**

- Industry Trend: Rising demand for functional foods and healthy snacking options.
- Consumer Insight: Growing parental preference for healthy yet tasty snack options for children.
- Competitive Analysis: Few players offer traditional grain-based products tailored to young audiences indicating a niche market opportunity.

Market research ensures that the business is based on evidence and data rather than assumptions.

- Significance: Helps in identifying customer needs, spotting market trends, and recognizing potential risks and opportunities.

Types of Research:

- Primary Research: is the process of directly collecting new information that hasn't been gathered before. Common methods include conducting surveys, holding interviews and focus groups, or performing product testing.
- Secondary Research: Use of published data such as reports, government statistics, industry journals, and competitor analysis.

Stepwise Process:

- 1) Define the research objective.
- 2) Choose suitable research tools.
- 3) Collect relevant data.
- 4) Analyze and interpret findings.
- 5) Develop strategies based on results.

Market Analysis:

- Covers industry overview, target market profile, competitor mapping, customer insights, and regulatory framework affecting the product/service.
- Accurate market research thus becomes the foundation for crafting realistic business strategies that align with customer demands and competitive realities.

14.6 SUMMARY

This lesson highlights the critical elements for developing a strong and coherent business plan. It begins with setting clear objectives that define the business's mission, vision, and measurable targets. Well-structured objectives provide direction, guide strategic actions, and establish benchmarks for success. Next, the lesson focuses on the product or service description, stressing the need to outline features, advantages, and unique value. Clearly stating what sets the offering apart is essential to attract customers, partners, and investors.

Another key aspect is identifying target clients and defining business scope. Understanding customer demographics, preferences, and buying behavior enables tailored marketing, while defining the scope sets the geographical and sectoral boundaries for operations and growth. The lesson also emphasizes market research and analysis as a foundation for data-driven decision-making. Through effective research, entrepreneurs can assess customer needs, evaluate competitors, recognize opportunities, and adapt to industry trends.

By learning to collect and analyze market data, study competitor strategies, and interpret consumer insights, students gain the skills to design a strong business plan. Ultimately, the lesson equips them to build a solid foundation for success through clear objectives, unique offerings, customer focus, and thorough market analysis.

14.7 TECHNICAL TERMS

Business Goals, Product/Service Overview, Target Market, Business Coverage, Market Exploration, Market Evaluation

14.8 SELF ASSESSMENT QUESTIONS:

- Why is setting clear and specific objectives crucial for developing a business plan?
- How can a well-crafted product or service description enhance customer interest and engagement?
- What is the significance of identifying the target audience in business planning?
- Which key elements should be analyzed while defining the scope of a business operation?
- How does conducting market research assist in shaping business strategies and offerings?

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Dr. B. Babitha

LESSON-15

LOCATION CHOICES, OPERATION PLAN, ANALYSIS OF RISKS, ORGANIZATION OF THE MANAGEMENT TEAM AND DISTRIBUTION OF TASKS

15.0. OBJECTIVES:

After completing this lesson, students will recap

- Significance of selecting the right business location for efficient operations and customer access.
- The essential elements of an operation plan that help the business run smoothly.
- Possible business risk and learn ways to reduce or control them.
- How to effectively organize a management team and assign roles to ensure smooth business operations.
- How to fairly assign tasks within the team to promote efficiency and accountability.

STRUCTURE:

- 15.1 INTRODUCTION**
- 15.2 LOCATION CHOICES**
- 15.3 OPERATIONS PLAN**
- 15.4 RISK ANALYSIS**
- 15.5 ORGANIZATION OF THE MANAGEMENT TEAM**
- 15.6 DISTRIBUTION OF TASKS**
- 15.7 SUMMARY**
- 15.8 TECHNICAL TERMS**
- 15.9 SELF ASSESSMENT QUESTIONS**
- 15.10 REFERENCE BOOKS**

15.1 INTRODUCTION

The operational success of any business is shaped by a variety of factors, each of which must be carefully considered and planned for. This lesson explores several key components that contribute to the smooth running and long-term success of a business.

First, selecting the right location is a critical decision for any business. The location influences customer access, operational efficiency, and overall costs. It affects everything from logistics and supply chain management to market reach and local regulations.

Once the location is chosen, a solid operation plan is essential to ensure the business operates smoothly. This plan covers the resources needed, the processes in place, and the methods for delivering products or services, making sure all activities align with business goals and objectives.

Another crucial aspect of business operations is the organization of the management team. A well-structured management team with clearly defined roles and responsibilities ensures effective leadership, communication, and accountability, helping the business run efficiently.

Finally, the effective distribution of tasks within the team is essential for productivity and clarity. By assigning tasks appropriately, businesses can avoid overload on individuals, enhance efficiency, and ensure all business functions are handled with care.

In this lesson, students will gain the knowledge needed to integrate these critical elements into a comprehensive business strategy, ensuring the business is set up for operational success.

15.2. LOCATION CHOICES:

Selecting an appropriate location is a critical strategic decision that significantly influences a business's potential for success. The geographical placement of the enterprise affects customer access, supply chain management, operational efficiency, and overall cost structures.

A number of key factors must be evaluated when making location decisions:

- Customer Accessibility: The business should be easily accessible to its primary target market to maximize sales opportunities and brand reach.
- Resource Availability: Proximity to suppliers, access to skilled labor, and availability of necessary raw materials and utilities are vital considerations.
- Cost Implications: Location-related expenses, including rent, property taxes, wages, utilities, and transportation, must align with the business's financial strategy.
- Infrastructure and Facilities: Good Road networks, reliable power and water supply, internet connectivity, and waste management facilities enhance operational reliability.
- Regulatory Compliance: It is important to consider local laws, zoning regulations, environmental norms, and tax structures before finalizing a location.
- Competitive Landscape: Being situated near competitors can either be advantageous (due to market clustering) or harmful if the competition is too fierce.
- Expansion Potential: The location should allow for future growth without significant relocation challenges.



Fig. 15.1

Illustration:

- A health-focused food brand specializing in sprouted millet instant mixes might select a duallocation approach establishing a production unit close to agricultural hubs for raw material sourcing, while maintaining sales and distribution offices in urban centers where consumer demand is concentrated.
- Thus, a carefully chosen location optimizes costs, operational convenience and market reach.

15.3 OPERATIONS PLAN:

The operations plan is a comprehensive document detailing how the business will perform its day-to-day activities to deliver products or services efficiently and effectively. It ensures that resources are optimally utilized to meet business goals.

Operational plan is the process of converting the input into output through a conversion process. The inputs are in the form of land, labour, raw material, machinery, importance of the service industry). Transformation takes place through machinery in manufacturing enterprises and through employee's skills in a service enterprise.

**Fig. 15.2**

The various key decisions that are to be taken in an operational/production plan include:

- 1) Which location would have optimum strategic advantage in terms of vicinity to the raw material and market, availability of labour and power, subsidies and tax holiday (Plant Location)?
- 2) What would be the size operation?
- 3) What would be the layout?
- 4) What would be the machines and equipment required for running the production/operation unit?
- 5) What should be the optimum plant capacity?
- 6) What should be the production/operation schedules?
- 7) How would the supply chain be managed?
- 8) What would be the optimum inventory level?
- 9) What would be the storage, distribution and sales needs?
- 10) What would be the requirements for administration like housekeeping, rent insurance, etc

- 11) How would the health and safety measures be met?
- 12) How would the quality standards be maintained?
- 13) Whether and how the company would utilize TQM and Kaizen?
- 14) How would ISO standards be met and certificates obtained?
- 15) What kind of raw-materials, work-in-progress and finished goods stocks would be maintained?
- 16) How would the operational plan be executed?

Key Elements of an Operations Plan

- Production Workflow: A systematic outline of the manufacturing or service delivery processes, including procurement of inputs, production stages, quality checks, and final output.
- Facility and Equipment Management: Information about the layout of operational facilities, machinery, tools, and any technological infrastructure required.
- Supply Chain and Logistics: Processes for sourcing raw materials, managing inventory, coordinating with vendors, and distributing the final product.
- Quality Assurance Systems: Mechanisms to maintain consistent product quality, including inspection protocols and compliance with industry standards.
- Human Resources Planning: Forecasting labor needs, creating staffing schedules, conducting training programs, and ensuring workforce motivation.
- Use of Technology: Adoption of software systems, automation tools, and technological innovations to streamline operations.
- Customer Service Operations: Frameworks for addressing customer feedback, resolving complaints, and enhancing user satisfaction.

Example:

For a millet-based instant food brand:

- Operations would involve sourcing quality millet grains, washing and sprouting processes, drying, flavoring, and hygienic packaging.
- Quality checks would be conducted at multiple stages.
- Warehousing would require climate-controlled storage before final distribution to retailers and online consumers.
- A well-structured operations plan ensures consistency, cost control, and customer satisfaction.

15.4 RISK ANALYSIS

Identifying, evaluating, and mitigating risks are essential to safeguard the business from potential disruptions. Risk analysis allows entrepreneurs to anticipate challenges and develop strategies to minimize their impact.



Fig. 15.3

Major Categories of Risk

- Financial Risks: Issues such as fluctuating raw material prices, unexpected operational costs, and cash flow problems.
- Operational Risks: Disruptions in the production process, labor shortages, equipment breakdowns, or supplier failures.
- Market Risks: Changes in customer preferences, entrance of new competitors, or adverse economic conditions.
- Regulatory Risks: Amendments in legal regulations, new compliance obligations, or licensing challenges.
- Technological Risks: Threats related to cyber attacks, technological obsolescence, or system failures.
- Environmental Risks: Natural disasters, climate changes affecting raw materials, or pandemics impacting supply chains.

Steps in Risk Analysis

- 1) Risk Identification: Listing all possible threats through brainstorming, expert consultation, and historical review.
- 2) Risk Evaluation: Assessing the probability and impact of each risk.
- 3) Risk Prioritization: Classifying risks according to their severity and likelihood.
- 4) Risk Mitigation Planning: Developing preventive and contingency measures.
- 5) Ongoing Monitoring: Continuously reviewing the risk environment to adapt strategies as needed.

Example:

In instant mix business:

- Seasonal disruptions (like monsoon humidity) may impact production schedules.
- Volatility in agricultural produce pricing may affect raw material costs.
- A surge in competitors offering health snacks could pose market challenges.

Proactive risk management ensures operational resilience and business continuity.

15.5 ORGANIZATION OF THE MANAGEMENT TEAM

The formation of a capable management team is vital for translating business plans into action. The management structure defines authority levels, areas of responsibility, and communication channels within the organization.



Fig. 15.4

Significance of a Structured Management Team

- Provides clear leadership and accountability.
- Facilitates efficient decision-making and problem-solving.
- Encourages specialization and division of labor.
- Enhances coordination across functional departments.

Typical Management Hierarchy

- Chief Executive Officer (CEO) or Founder: Responsible for strategic vision, leadership, fundraising, and major partnerships.
- Chief Operating Officer (COO): Oversees daily business activities, including production, logistics, and internal processes.
- Chief Financial Officer (CFO): Handles financial planning, budgeting, accounting, and financial reporting.
- Chief Marketing Officer (CMO): Focuses on brand development, marketing strategies, sales channels, and customer relationships.
- Chief Technology Officer (CTO): Manages IT infrastructure, digital marketing tools, and tech innovation.
- Human Resource Manager: Manages recruitment, staff welfare, performance evaluation, and training.

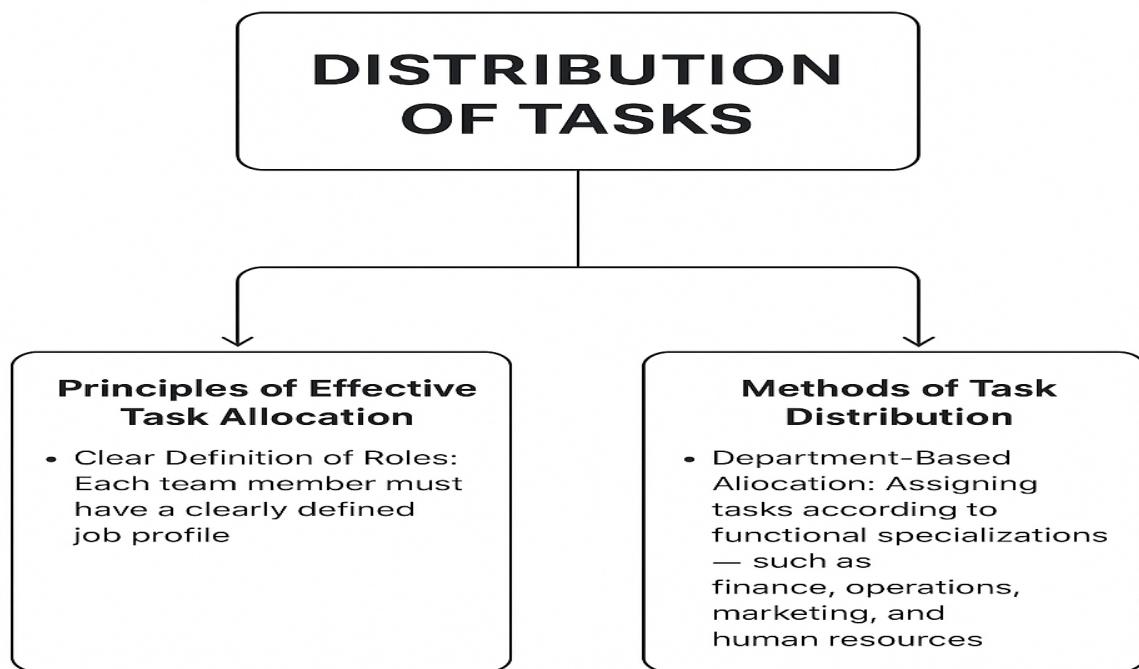
Example:

In a start-up food enterprise, the founder might initially act as CEO and CMO simultaneously, supported by an operations manager and an outsourced finance consultant. As the business scales, more specialized roles would be introduced.

An efficient management structure boosts organizational effectiveness and promotes sustainable growth.

15.6 DISTRIBUTION OF TASKS

Dividing work effectively among team members ensures productivity, accountability, and timely achievement of business goals. Task distribution must be based on logical allocation of responsibilities according to skill sets and organizational needs.

**Fig. 15.5****Principles of Effective Task Allocation**

- Clear Definition of Roles: Each team member must have a clearly defined job profile.
- Skills and Competency Matching: Tasks should align with individuals' expertise and experience.
- Balanced Workload: Ensuring that responsibilities are fairly distributed to avoid burnout or redundancy.
- Adaptability: Allowing flexibility for role adjustments based on changing business requirements.
- Performance Monitoring: Establishing clear performance indicators and regular feedback mechanisms.

Methods of Task Distribution

- Department-Based Allocation: Assigning tasks according to functional specializations - such as finance, operations, marketing, and human resources.
- Project-Based Teams: Forming cross-functional teams for specific projects or short-term goals.
- Workflow Management Tools: Utilizing software applications for task tracking, deadline management and team collaboration.

Example:**For a health food business:**

- The production team manages ingredient procurement, quality checks and packaging.
- The marketing team handles digital campaigns, market analysis, and promotions.
- The finance team manages vendor payments, budgeting, and tax compliance.

Efficient task distribution ensures that all aspects of the business run smoothly, and that strategic objectives are achieved without delays.

15.7 SUMMARY

This lesson explores the essential operational elements that ensure the smooth functioning and success of a business. One of the most critical factors is the choice of location, as it influences operational efficiency, customer access, supply chain management, transportation costs, and market reaches. A strategic location can significantly impact overall expenses and business growth.

After selecting a location, an effective operations plan becomes vital. This plan outlines the resources, strategies, and workflows needed to produce goods or services while managing day-to-day activities in alignment with business objectives.

The lesson also emphasizes risk analysis, since every business faces internal and external risks. By identifying these risks early and preparing mitigation strategies, businesses can minimize disruptions and ensure long-term sustainability.

Another crucial aspect is management team organization. A well-structured team with clear roles and responsibilities supports smooth functioning, effective leadership, and collaboration across all levels of the business.

By the end of the lesson, students will understand how to integrate location choice, operational planning, risk management, and team organization into a cohesive strategy that drives both operational success and long-term growth.

15.8 TECHNICAL TERMS:

Site Selection, Business Operations Plan, Risk Evaluation, Team Structure and Leadership, Responsibility Distribution, Logistics Management, Process Efficiency, Risk Control, Continuity Strategy, Resource Allocation

15.9 SELF ASSESSMENT QUESTIONS:

- How does the choice of business location impact the overall efficiency and success of a company?

- What essential elements should an operation plan include to ensure smooth day-to-day business operations?
- In what ways does conducting a risk analysis benefit a business, and what actions can be taken to reduce identified risks?
- What are the important considerations for building an effective management team that drives business success?
- How does task allocation within a team influence business productivity and operational effectiveness?
- What are some methods businesses can apply to optimize their supply chain management?

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Dr. B. Babitha

LESSON-16

OVERALL SCHEDULE OF ACTIVITIES LEADING START UP AND THE FINANCE MANAGEMENT

16.0. OBJECTIVES:

After completion of this lesson, students will

- Plan and schedule key start-up activities efficiently.
- Prepare for a successful business launch through planning, resource use, and team coordination.
- Develop structured timelines with realistic milestones.
- Understand start-up finance management, including budgeting and funding.
- Apply financial planning to manage early expenses and operations.

STRUCTURE:

16.1 INTRODUCTION

16.2 OVERALL SCHEDULE OF ACTIVITIES LEADING START UP AND THE FINANCE MANAGEMENT

16.3 REQUIREMENTS TO START A BUSINESS VENTURE

16.4 SUMMARY

16.4 TECHNICAL TERMS

16.5 SELF ASSESSMENT QUESTIONS

16.6 REFERENCE BOOKS

16.1 INTRODUCTION:

Launching a new business demands meticulous organization, strategic planning, and strong financial oversight. Transforming a business idea into a functional enterprise involves coordinating a range of activities that must be scheduled and executed systematically to ensure a seamless start-up process. Creating a comprehensive schedule allows entrepreneurs to clearly map out the various steps, allocate necessary resources, and manage time effectively.

An organized schedule highlights essential actions such as registering the business, setting up operations, hiring employees, crafting marketing strategies, and arranging financial resources. Establishing clear timelines and defining milestones enable entrepreneurs to track their progress and maintain focus on achieving their launch goals.

Alongside operational planning, financial management plays a pivotal role in sustaining a new venture. Sound budgeting, efficient cash flow monitoring, and securing initial funding are critical for managing start-up costs and supporting early business activities. Effective financial control lays the foundation for business stability and growth.

This lesson aims to equip students with the knowledge to effectively plan start-up activities, create structured timelines, and implement strong financial management practices, ensuring a smooth and successful business launch.

16.2 OVERALL SCHEDULE OF ACTIVITIES LEADING START UP AND THE FINANCE MANAGEMENT

OVERALL SCHEDULE OF ACTIVITIES LEADING START-UP AND THE FINANCE MANAGEMENT



Fig. 16.1

1. Organizing Key Start-up Activities

The first step in starting a business is to break down the process into smaller, manageable tasks. These tasks must be assigned clear deadlines and responsibilities. Key activities involved in starting a business include:

Legal and Registration Procedures: Choosing the right legal structure (sole proprietorship, partnership, corporation, etc.) and registering with the appropriate authorities is a foundational step in starting a business.

Financing the Business: Raising capital is a crucial step where entrepreneurs must decide between external funding (from banks and investors) and personal savings.

Setting up operations: Establishing Operations is the step of building the required physical and digital backbone for the business. This includes purchasing equipment, securing facilities (like office space), and obtaining all mandated legal licenses. **Building the Team:** A start-up needs skilled employees who can help execute the vision. Recruiting and training the right talent is a key factor in achieving success.

Developing Products or Services: Fine-tuning the product or service offering to meet market demand is crucial. This may include market research, product design, and final adjustments before launching.

Creating marketing strategy: Develop a strong marketing plan and online presence to reach target customers. The strategy should include brand positioning, advertising, and social media engagement.

A well-organized schedule for these activities ensures that entrepreneurs stay on track and complete each task by the assigned deadlines. Clear goals, timelines, and roles help streamline the process and keep the project moving forward.

The success of a new business largely depends on proper planning and sequencing of activities. A structured schedule ensures smooth operations and avoids delays.

- Idea Generation and Validation: Identifying business opportunities, screening ideas, and testing feasibility.
- Business Plan Development: Preparing a detailed plan covering product/service description, market research, operations, and financial projections.
- Legal and Registration Formalities: Completing company registration, licensing, tax documentation, and intellectual property protection.
- Financing the Business: Securing funds through savings, loans, venture capital, or crowd funding.
- Infrastructure Setup: Establishing production units, supply chain, office, and IT systems.
- Recruitment and Team Building: Hiring skilled personnel for management, production, and marketing functions.
- Product/Service Development: Designing, testing, and refining offerings before market launch.
- Marketing and Promotion: Creating awareness through advertisements, online platforms, and promotional campaigns.
- Trial Launch and Feedback: Introducing the product on a small scale and making improvements.
- Full-scale Operations: Commencing large-scale production and sales activities.

The timeline should be broken into milestones such as pre-launch (0–6 months), launch phase (6–12 months), and post-launch growth (12+ months).

2. Establishing a Realistic Timeline

Having a clear timeline is vital for ensuring that the business is launched on time. A well-organized schedule helps prioritize activities and allocate resources appropriately. Key elements of creating an effective timeline include:

Setting milestones: Milestones represent major events or goals that need to be reached. Examples include securing funding, registering the business, completing product development, or hiring the first team members.

Breaking down tasks: Each milestone should be divided into smaller, specific tasks that are actionable and measurable. For example, under the milestone of securing funding, tasks could include drafting a business plan, identifying potential investors, and preparing a pitch.

Assigning responsibilities: Assign specific tasks to individuals or teams who are responsible for their completion. Accountability ensures that tasks are completed efficiently and on time.

Tracking progress: Using project management tools or simple calendars can help keep track of progress. Entrepreneurs should regularly review the timeline and make adjustments as necessary based on unforeseen delays or challenges.

A flexible timeline is important, as start-ups often face unexpected issues. Reassessing and revising deadlines as needed can prevent entrepreneurs from losing focus and help them stay on course.

3. Financial Management and Start-up Success

Financial management is one of the most critical aspects of starting a business. Without proper financial planning, even the best ideas can falter. Key aspects of financial management include:

Creating budget: A budget helps entrepreneurs understand the financial needs of their business, covering expenses like office rent, salaries, marketing, utilities, and equipment. A detailed budget also helps identify areas where costs can be reduced.

Managing Cash Flow: Cash flow management is essential for the smooth operation of a start-up. Entrepreneurs must ensure that the business has enough cash to pay for expenses and keep operations running. Cash flow forecasting helps predict when funds will be needed and when income will be generated.

Funding business: Raising capital is often the first step in turning an idea into a viable business. Entrepreneurs may consider multiple funding sources, such as venture capital, angel investors, small business loans, or crowd funding. Understanding the costs and implications of each option is crucial for sustainable growth.

Financial Forecasting: Financial forecasting involves projecting revenues, expenses, and profits for the first year or more. This helps determine whether the business model is financially viable and provides insight into expected financial performance.

Effective financial management helps to avoid overspending and ensures that the business can continue operations smoothly, even in the face of unexpected expenses or revenue delays.

Financial management is the backbone of business sustainability. It ensures efficient allocation of resources and long-term profitability.

- Budgeting: Preparing an estimate of revenues and expenses to guide operations.
- Cash Flow Management: Monitoring inflows and outflows to ensure liquidity for daily operations.
- Funding Sources: Utilizing personal savings, bank loans, angel investors, venture capital, or government schemes.
- Cost Control: Reducing unnecessary expenditure through negotiation, outsourcing, and prioritization.
- Financial Forecasting: Predicting future sales, profits, and break-even points for strategic planning.
- Record Keeping and Compliance: Maintaining proper accounts, paying taxes, and ensuring transparency.
- Risk Management: Creating reserves, obtaining insurance, and preparing for financial uncertainties.

4. Implementing Cost Control Strategies

Managing expenses is crucial for a start-ups survival, especially in the early stages when cash is limited. Some cost control strategies include:

Prioritizing essential expenses: Not all expenses are equally important. Start-ups should prioritize spending on activities that directly support business growth, such as product development and customer acquisition, while postponing non-essential expenses.

Negotiating suppliers: By negotiating better terms with suppliers or service providers, a start-up can lower its operational costs. This can include getting discounts for bulk purchases, negotiating payment terms, or seeking alternative suppliers with lower prices.

Outsourcing Non-core Functions: Instead of hiring full-time employees for every task, start-ups can outsource non-essential activities like accounting, IT support, and marketing. This helps reduce payroll and operational costs.

Regularly Monitoring Expenses: Start-ups should frequently review their expenses to ensure that they stay within the budget. Tracking spending allows entrepreneurs to spot trends and take corrective action before expenses spiral out of control.

Controlling costs in the early stages is vital for ensuring that the business remains financially viable and can reinvest profits into growth and expansion.

5. Risk Management and Mitigation

All businesses face risks, especially during the start-up phase. Proper risk management involves identifying potential risks, assessing their likelihood, and developing strategies to mitigate or avoid them. Common risks in start-ups include:

Financial Risks: These include cash flow problems, unexpected expenses, or insufficient funding. Entrepreneurs can mitigate financial risks by maintaining a reserve fund, controlling expenses, and continuously monitoring cash flow.

Market Risks: Start-ups may face risks related to market conditions, such as shifts in consumer demand or increased competition. Entrepreneurs should conduct thorough market research and adapt their business models to changes in the market.

Operational Risks: Risks such as delays in product development, supply chain disruptions, or issues with staffing can impact operations. Entrepreneurs should have contingency plans in place to address these risks.

Legal and Compliance Risks: Failing to comply with regulations or failing to protect intellectual property can lead to significant legal issues. Business owners should consult legal experts to ensure they meet all legal requirements.

By proactively addressing potential risks, start-ups can minimize their impact and ensure smoother operations, even in the face of challenges.

16.3 REQUIREMENTS TO START A BUSINESS VENTURE:

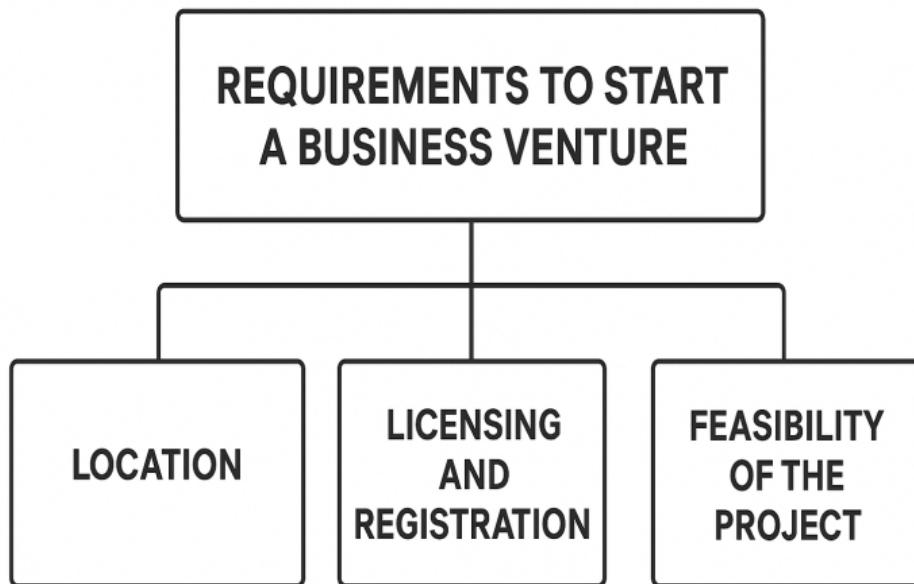


Fig. 16.2

- a) Location
- b) Licensing and registration
- c) Feasibility of the project

Location: The location of a project is a very important factor. It is not enough to merely choose a location. It is necessary to select a site that suits the needs. Sometimes, the decisions are linked together. While selecting a location / site, it is necessary to give attention to Criteria for selection and source of information

Licensing and Registration Licensing: A license is a written permission issued by the government to an industrial undertaking stating such details, the geographical location of the industry, the article to be manufactured and other related particulars.

Feasibility of the project: After obtaining the above clearances, the entrepreneur should apply for a term loan either to the state financial Institutions or to a commercial bank, with a techno-economic feasibility report including market survey as well as documentary evidence justifying the claim.

Registration: Registration of two types. They are

Provisional registration: Industries are issued a Provisional SSI registration certificate for a period of one year.

Permanent Registration: Certificate will be issued when an industry has commenced the production process.

OVERALL SCHEDULE OF ACTIVITIES LEADING TO FINANCE MANAGEMENT:

Financial management involves planning, organizing, and controlling financial activities. It includes analyzing and making decisions about cash flow, investments, financing, and risk management. Activities in financial management

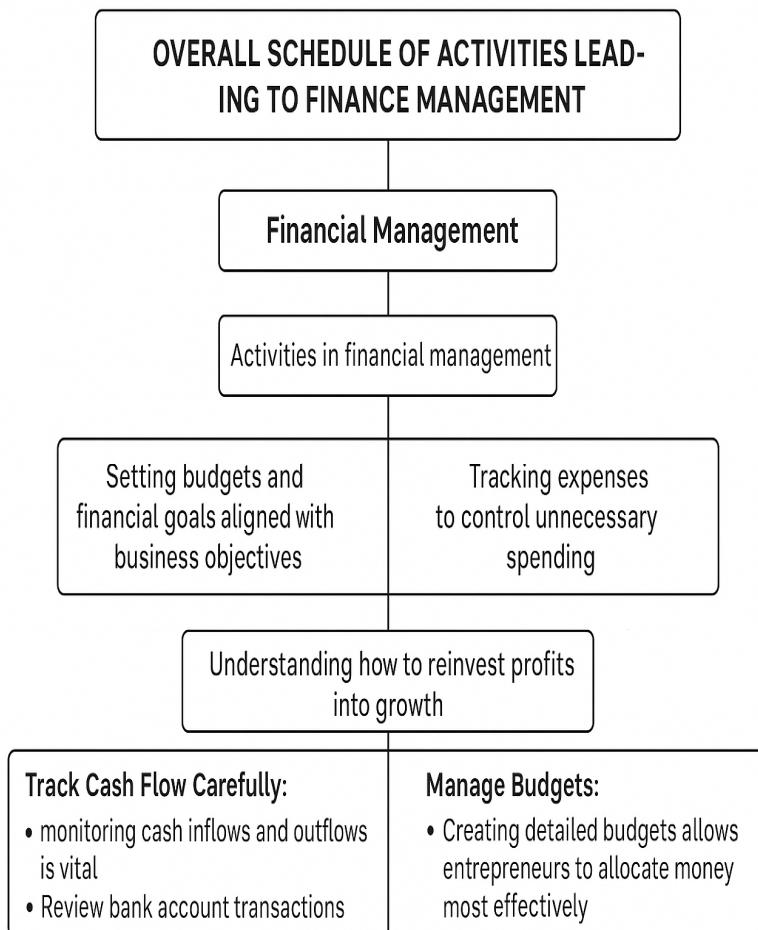


Fig. 16.3

As an entrepreneur, it is important to understand the value of money and manage it wisely. This involves setting budgets and financial goals that are aligned with business objectives, carefully tracking expenses to avoid unnecessary spending, and making informed decisions about how to reinvest profits for future growth. The financial management in entrepreneurship:

Financial management is critical for entrepreneurs to monitor, control, and protect their financial resources.

Track Cash Flow Carefully:

- Monitoring cash inflows and outflows is vital.
- Review bank account transactions daily.
- Create cash flow projections to estimate future cash needs.

Manage Budgets:

- Creating detailed budgets allows entrepreneurs to allocate money most effectively.
- Categorize expenses (e.g. salaries, rent, supplies).
- Set spending limits for each category.

Basic principles of financial management

Financial management is crucial for entrepreneurs to ensure sustainable business growth.

1. Budgeting: Track income and expenses Set financial goals
2. Cash Flow Management: Manage cash inflows and outflows Maintain adequate working capital Optimize receivables and payables
3. Investment Planning: Diversify investments, Balance short and long term returns

Types of financial management: Financial management for entrepreneurs typically focuses on.

- 1) Planning: Creating financial projections and budgets.
- 2) Controlling: Monitoring budgets vs. actual spending Managing accounts receivable/payable
- 3) Personal Funds: The most common source of startup funding comes from the entrepreneur's personal savings
- 4) Loans From Friends and Family: Seeking small business loans from friends and relatives is another option.
- 5) Bank Loans: Traditional bank loans make up around 11% of small business financing. Banks offer low interest rates and larger loan amounts compared to personal contacts.

16.4 SUMMARY:

This lesson explores the essential elements of managing the start-up phase of a business, focusing on planning, scheduling, and financial management. A successful launch begins with thorough preparation, where activities such as securing funding, setting up operations, recruiting staff, and designing marketing strategies are identified and scheduled. Creating a clear timeline with defined goals and milestones ensures timely completion of tasks and prevents delays.

Alongside, financial management plays a pivotal role in sustainability. It involves budgeting, monitoring cash flow, cost control, and forecasting to cover initial expenses and maintain smooth operations. Effective finance management not only supports stability but also lays the foundation for long-term growth. Cost management is equally important, as controlling expenses helps avoid overspending and safeguards financial resources.

By the end of this lesson, students will understand how structured scheduling combined with sound financial discipline can minimize risks and create a strong foundation for business success.

16.5 TECHNICAL TERMS:

Start-up Planning, Operational Timeline, Goal Setting, Finance Handling, Budget Planning, Cash Flow Monitoring, Seed Funding, Expense Management, Resource Distribution, Monetary Planning

16.6 SELF ASSESSMENT QUESTIONS:

- Which important activities should be planned and organized before starting a business?
- How does a well-structured timeline support the success of a start-up?
- In what ways does financial management impact the early stages of a business?
- What strategies can a start-up use to manage its initial capital and maintain a proper budget?
- What are the critical components to consider when creating a financial plan for a new venture?
- How does effective cost management help a business stay financially stable during its initial growth?

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Dr. B. Babitha

LESSON-17

NEGOTIATIONS WITH THE FAMILY FRIENDS, RELATIVES, SHARE HOLDERS AND FINANCIAL INSTITUTIONS-ANGEL' MONEY

17.0. OBJECTIVES:

After going through this lesson, students will understand

- Various types of sources of funds available for financing to a business organization
- The role of family and friends in providing initial business funding
- The mode of negotiation with relatives for financial support in business ventures.
- The process of negotiating with shareholders and managing expectations regarding business growth.
- The strategies for approaching financial institutions to obtain business funding.
- The role of Angel investors in early-stage financing.

STRUCTURE:

- 17.1 INTRODUCTION**
- 17.2 NEGOTIATIONS WITH THE FAMILY**
- 17.3 NEGOTIATIONS WITH THE FRIENDS**
- 17.4 NEGOTIATIONS WITH THE RELATIVES**
- 17.5 NEGOTIATIONS WITH THE SHAREHOLDERS**
- 17.6 NEGOTIATIONS WITH THE FINANCIAL INSTITUTIONS-ANGEL' MONEY**
- 17.7 SUMMARY**
- 17.8 TECHNICAL TERMS**
- 17.9 SELF ASSESSMENT QUESTIONS**
- 17.10 REFERENCE BOOKS**

17.1 INTRODUCTION

Negotiation plays a vital role in every stage of an entrepreneur's journey-from raising funds and acquiring resources to managing relationships with various stakeholders. When an entrepreneur begins a new venture, one of the most critical challenges is securing adequate financial support. In the early stages, before formal investors or banks show interest, entrepreneurs often rely on their personal networks-family, friends, relatives, shareholders and financial institutions. These individuals or groups can provide what is often referred to as "angel's money" early-stage funding offered by people who believe in the entrepreneur's vision and potential rather than purely in financial returns.

Negotiations with family and friends are delicate and require a balanced approach. Although these sources are easily accessible and usually more flexible than formal financial institutions, they come with emotional and personal dimensions. Entrepreneurs must maintain transparency and professionalism to ensure that personal relationships remain unaffected by business dealings. Effective communication, clear agreements and mutual understanding form the foundation of successful negotiations with close associates.

Relatives and shareholders also represent important sources of initial investment. Negotiating with them involves presenting a clear business plan, explaining expected risks and returns and ensuring that their trust and confidence are sustained throughout the venture. Shareholders expect accountability and performance, so negotiations should be guided by fairness, honesty and realistic promises.

Financial institutions such as banks, cooperative societies and venture funds play a significant role once the enterprise begins to grow. Negotiating with them requires the entrepreneur to demonstrate business viability, repayment capacity and sound management. A well-prepared proposal, supported by data and market analysis, strengthens the entrepreneur's position during such negotiations.

The concept of angel's money highlights the importance of early investors who provide capital and mentorship during the start-up phase. These angel investors are often individuals with business experience who invest in promising ventures at an early stage. Negotiating with angel investors demands clarity regarding ownership, profit-sharing, exit strategies and business goals.

Overall, negotiations with family, friends, relatives, shareholders and financial institutions form the backbone of an enterprise's financial foundation. The entrepreneur must approach each negotiation with tact, confidence and ethical conduct. Successful negotiation is not merely about securing funds but also about building long-term partnerships based on trust, respect and mutual benefit.

17.2 NEGOTIATIONS WITH THE FAMILY

Negotiation with the family refers to the process of discussing and arriving at mutual agreements between the entrepreneur and family members regarding financial support, moral backing, participation and understanding in the business. Since the family is usually the first and most accessible source of capital and motivation for a new entrepreneur, maintaining clear and healthy negotiations is essential.

Importance of Negotiation with Family:

- Family members often provide the initial seed capital for starting a business.
- They offer emotional stability and moral encouragement during the risk-taking phase.
- Understanding between the entrepreneur and family prevents conflicts in the future.
- A well-negotiated family relationship ensures continuous support and trust.
- Family backing builds confidence and strengthens decision-making ability.

Objectives of Negotiating with Family:

- To seek financial help or investment for starting or expanding the enterprise.
- To gain approval and consent for taking business risks.
- To ensure emotional and moral support during uncertain situations.
- To clarify ownership, repayment and profit-sharing arrangements.
- To maintain harmony between business and family relationships.

Key Areas of Negotiation with Family:**Financial Support:**

- Discussing how much money can be borrowed or invested by family members.
- Clarifying repayment terms or shareholding if funds are invested.
- Avoiding unrealistic promises regarding returns or profits.

Moral and Emotional Support:

- Seeking the family's encouragement and understanding during business challenges.
- Explaining the nature of business risks and long-term benefits.
- Building family trust through transparency and regular communication.

Participation in Business:

- Deciding whether family members will be directly involved in business operations.
- Assigning clear roles and responsibilities to avoid conflicts.
- Ensuring professional behavior even if the business is family-run.

Ownership and Control:

- Clearly defining ownership rights, authority and decision-making powers.
- Avoiding dominance or interference that may affect efficiency.
- Maintaining formal documentation even when dealing with family.

Risk and Return Discussion:

- Presenting a realistic business plan with estimated costs, profits and possible losses.
- Discussing contingency plans in case of failure.
- Ensuring that family members understand both opportunities and risks.

Guidelines for Effective Negotiation with Family:

- Be honest and transparent while explaining the business idea and objectives.
- Prepare a clear proposal before approaching family members.
- Respect the opinions and suggestions of elders.
- Do not mix personal emotions with business decisions.
- Keep proper written records of investments, loans or agreements.
- Communicate progress and challenges regularly to maintain trust.
- Express gratitude and keep family members informed about business growth.

Advantages of Negotiating with Family:

- Easy availability of funds without lengthy formalities.
- Lower or no interest rates on borrowed money.
- Emotional security and motivation during the start-up phase.
- Continuous advice and guidance from experienced family members.
- Flexibility in repayment and understanding in times of loss.

Disadvantages of Family Negotiations:

- Risk of misunderstanding or emotional conflicts.
- Lack of formal agreements may lead to disputes later.
- Over-involvement of family may affect business decisions.
- Difficulty in separating personal life from business matters.
- Possibility of pressure or interference from relatives.

Conclusion:

Negotiations with the family form the foundation of entrepreneurial success in the early stages of business. They require honesty, communication and a balanced approach. When handled wisely, such negotiations provide both financial and emotional strength to the entrepreneur. A clear understanding with the family helps in maintaining stability, unity and long-term support for the growth of the enterprise.

17.3 NEGOTIATIONS WITH THE FRIENDS

Negotiations with friends are a crucial aspect of entrepreneurship, especially during the initial stages of business establishment. Friends are often among the first people an entrepreneur turns to for financial assistance, emotional support and professional guidance. Since a friendship is based on personal trust and understanding, negotiation in such relationships must be handled with care and maturity. The goal of these negotiations is not only to secure financial help or cooperation but also to maintain the strength and respect of the friendship while ensuring business stability.

Meaning and Nature of Negotiation with Friends:

Negotiation with friends refers to the process of discussing and reaching an agreement regarding financial or non-financial assistance for the business. It may include seeking funds, partnership, advice, sharing of resources or collaborative support. Unlike formal negotiations with banks or investors, negotiations with friends are informal and based on mutual understanding. However, they still require professionalism, clarity and honesty. A friendship may make communication easier, but the emotional connection can also lead to misunderstandings if expectations are not properly defined.

Need and Importance:

Negotiations with friends are important because friends are often willing to provide immediate help when an entrepreneur faces financial limitations. They can also serve as

reliable supporters who encourage risk-taking and innovation. Friends may offer small loans, invest as partners or even provide services such as marketing help or technical advice. In addition, negotiations help preserve friendship by preventing confusion over money, repayment or profit sharing. They ensure that both sides understand their responsibilities and that the friendship remains unaffected by business issues.

Areas of Negotiation:

1) Financial Negotiation:

Financial support from friends is common during the early stage of an enterprise. The entrepreneur must discuss the amount required, the purpose of borrowing and the mode of repayment. If the friend wishes to invest as a partner, clear agreements on ownership and profit sharing should be made. Written documentation is advisable to avoid future disagreements.

2) Moral and Emotional Support:

Friends often provide encouragement and motivation when challenges arise. Negotiation in this area involves seeking understanding and patience from friends during the business's uncertain periods. The entrepreneur should communicate openly about risks and seek moral backing rather than only financial help.

3) Partnership or Collaboration:

Some friends may choose to become business partners. In such cases, negotiations must define roles, responsibilities and authority clearly. The entrepreneur must ensure that both parties agree on decision-making powers and that personal emotions do not influence business performance.

4) Risk and Responsibility Sharing:

Friends must be made aware of possible business risks. The entrepreneur should never promise guaranteed profits or returns. Explaining the uncertainty and time required to achieve success creates transparency and avoids disappointment.

Guidelines for Effective Negotiation with Friends:

Negotiating with friends requires a combination of honesty, respect and professionalism. The entrepreneur should present a realistic business plan, explain objectives clearly and avoid emotional pressure. Transparency is essential in financial dealings to maintain friendship and trust. Written records of transactions should be maintained, and updates about the business should be shared regularly. The entrepreneur should always fulfill commitments and express gratitude for the friend's support.

Advantages of Negotiating with Friends:

Negotiations with friends provide several benefits such as easy access to financial resources, flexible repayment terms and emotional motivation. Friends can offer valuable suggestions, references or networking opportunities that contribute to business growth. Their understanding nature and willingness to help without strict conditions can be a great relief for new entrepreneurs.

Limitations and Challenges:

However, negotiating with friends also has challenges. Over-reliance on friendship can lead to informal dealings without proper documentation, which may create misunderstandings. Emotional involvement might affect rational decision-making. If the business fails or repayment is delayed, the friendship could suffer. Friends may also interfere in decision-making due to personal feelings, which can disturb business management.

Ethical Considerations in Negotiation:

All negotiations with friends should be guided by honesty, fairness and ethical conduct. The entrepreneur must not misuse friendship for personal gain or manipulation. Every promise made should be fulfilled, and information should be shared truthfully. Ethical behavior strengthens trust and ensures that friendship continues irrespective of business outcomes.

Role of Communication:

Communication is the foundation of successful negotiation with friends. It should be open, respectful and consistent. The entrepreneur must explain ideas clearly, listen to the friend's viewpoint and maintain continuous dialogue. Regular updates about business progress build trust and reassure the friend that their support is valued.

Conclusion:

Negotiations with friends are based on mutual trust, emotional understanding and shared respect. When managed properly, they can lead to a long-term supportive relationship that benefits both personal and professional life. However, when mishandled, they can damage both the friendship and the business. Therefore, an entrepreneur should approach such negotiations with maturity, honesty and a balance between emotional sensitivity and professional responsibility. A strong negotiation with friends not only brings financial help but also creates a lifelong source of encouragement and goodwill for the enterprise.

17.4 NEGOTIATIONS WITH THE RELATIVES

Negotiations with relatives are a vital component of entrepreneurship and can significantly influence the early growth of a business. Relatives often serve as the first point of contact for funding, guidance and encouragement when an entrepreneur begins a new venture. Because family relationships are built on trust, affection and long-term familiarity, relatives can offer support that is often more patient and understanding than formal financial institutions or external investors. However, these negotiations are delicate because personal relationships and business interests are intertwined. A mismanaged negotiation can lead to misunderstandings, strained relationships and long-term conflicts. Therefore, entrepreneurs must approach negotiations with relatives thoughtfully, combining professional clarity with sensitivity to emotional bonds. Successful negotiations can create a reliable foundation of financial support, moral encouragement and strategic guidance which is critical during the initial phase of a business.

Need for Negotiations with Relatives

Negotiations with relatives are needed because family members are often more willing to provide financial support, resources or advice than outsiders. Entrepreneurs frequently face challenges in raising capital, securing assets or finding mentorship when starting a business. Relatives can fill these gaps because they already have a personal investment in the success of the entrepreneur. Negotiation becomes essential to clarify the exact nature of the support being requested, whether it is a loan, an investment, or in-kind assistance such as providing space, manpower, equipment or contacts. Without a proper negotiation process, informal agreements can result in confusion, resentment and disagreements over responsibilities, repayment or decision-making. By negotiating clearly, the entrepreneur ensures that both parties understand their roles and obligations and that the assistance provided contributes to business stability while preserving family harmony.

Objectives of Negotiation with Relatives

The primary objectives of negotiation with relatives include securing financial and non-financial support, defining responsibilities, managing expectations and maintaining family harmony. Entrepreneurs aim to communicate business goals, expected outcomes, timelines and risks in a transparent and realistic manner. Negotiation also ensures clarity regarding whether contributions are loans, investments or gifts and what, if any, returns relatives can expect. Another objective is to delineate boundaries between personal relationships and professional obligations. By negotiating openly and professionally, entrepreneurs create a framework for accountability, prevent potential conflicts and foster long-term cooperation. Ultimately, the objective is to leverage family support in a way that strengthens the enterprise while safeguarding relationships and trust.

AREAS OF NEGOTIATION WITH RELATIVES

1. Financial Assistance

Financial assistance is the most common area of negotiation with relatives. Entrepreneurs must clearly communicate the amount required, the intended use of funds, repayment expectations and any conditions attached. Discussions should include timelines for repayment, interest if applicable and security or collateral if needed. Even though relatives may be motivated by trust and goodwill, formal agreements or written documentation are essential to prevent misunderstandings and disputes later. Financial negotiation must balance the emotional aspects of family support with the business necessity of accountability, professionalism and clarity.

2. Equity Participation and Ownership

Sometimes relatives wish to be more involved in the business as partners or shareholders. Negotiations in this area are critical because they determine the structure of ownership, profit-sharing ratios, decision-making authority and operational responsibilities. Entrepreneurs must clearly define roles and ensure that relatives understand the limits of their involvement to prevent interference in daily business operations. Professionalism must be maintained so that personal relationships do not influence management decisions. This negotiation also helps prevent conflicts over authority and ensures smooth functioning of the enterprise.

3. Provision of Resources and Support Services

Relatives may offer assistance in the form of resources such as land, machinery, workspace, manpower or technical expertise. Negotiation is necessary to clarify the duration, conditions, responsibilities and expected benefits for both parties. For example, if a relative provides a facility for the business, it should be explicitly stated whether it is temporary, long-term or if rent or compensation is involved. Clear terms reduce the risk of future disputes, ensure efficient use of resources and maintain a professional environment within the family setting.

4. Emotional and Moral Support

Relatives often play a crucial role in providing moral and emotional support to entrepreneurs during difficult periods. Negotiation here involves setting expectations about the level of involvement, understanding, patience and guidance that can be offered. Entrepreneurs should explain potential risks, challenges and timeframes so that relatives have realistic expectations. By establishing mutual understanding, relatives feel respected and included without interfering unnecessarily and the entrepreneur benefits from motivation, advice and reassurance that strengthens confidence and decision-making.

5. Confidentiality and Professionalism

Negotiation must emphasize the importance of maintaining confidentiality regarding business operations, financial matters and strategic decisions. Relatives need to understand that although they are close family members, the business requires professional handling. Discussions should ensure that personal opinions do not compromise business confidentiality or operational efficiency. Upholding professionalism protects the business while preserving trust and respect within the family.

6. Risk and Reward Sharing

Entrepreneurship inherently involves uncertainty. Relatives contributing to the business must be made aware of potential gains as well as possible losses. Negotiation should include realistic explanations of business risks, the likelihood of delays in profits and the possibility of financial setbacks. Transparent discussions regarding risk and reward help manage expectations and ensure that relatives continue their support even if immediate returns are not realized.

Guidelines for Effective Negotiation with Relatives

- Prepare thoroughly with a clear business plan and detailed explanation of requirements, risks and expected outcomes.
- Communicate honestly about financial needs, timelines and challenges.
- Maintain professional conduct and avoid exploiting emotional bonds for personal gain.
- Use written agreements or documentation for all financial transactions or resource-sharing arrangements.

- Provide regular updates on business progress to build confidence and trust.
- Separate business issues from personal interactions to avoid emotional conflicts.
- Express gratitude for support and acknowledge contributions to maintain goodwill and continued cooperation.
- Involve relatives only where their participation adds value to the enterprise and does not compromise management decisions.

Advantages of Negotiating with Relatives

Negotiating with relatives provides easy access to financial and material resources with minimal formalities and flexible repayment terms. Relatives often demonstrate patience and trust, providing moral encouragement and support during challenging times. They can also offer valuable experience, advice and access to social and business networks. Their involvement enhances the credibility and social reputation of the enterprise. When negotiations are handled correctly, relatives become long-term supporters contributing not just funds but strategic guidance, mentorship and emotional reinforcement essential for business growth.

Disadvantages of Negotiating with Relatives

Despite the advantages, negotiating with relatives has potential drawbacks. Emotional involvement may lead to biased decisions, interference in business operations and unrealistic expectations about profits. Lack of formal agreements can create confusion over ownership, repayment or responsibilities. Excessive dependence on relatives may restrict the entrepreneur's autonomy and limit independent decision-making. Mismanagement of negotiations can strain family relationships and lead to conflicts that affect both personal and business outcomes. Careful planning, professionalism and clarity are essential to mitigate these risks.

Conclusion

Negotiations with relatives are both sensitive and strategic. They provide financial, material and emotional support that is often unavailable from other sources. When approached with professionalism, transparency and respect, these negotiations can foster long-term partnerships, trust and goodwill while enabling business growth. Clear communication, proper documentation, realistic expectations and ethical conduct ensure that family relationships remain strong and business operations are not compromised. Mismanaged negotiations, on the other hand, can create misunderstandings, disputes and strained personal relationships. Therefore, entrepreneurs must carefully plan and execute negotiations with relatives to achieve both business success and family harmony.

17.5 NEGOTIATIONS WITH THE SHAREHOLDERS

Negotiations with shareholders are a critical aspect of entrepreneurship, particularly for businesses seeking external investment or looking to expand operations. Shareholders are individuals or entities that own a portion of the company and therefore have a vested interest

in its performance. Negotiating with shareholders requires balancing the entrepreneur's vision and management style with the expectations and rights of investors. Shareholders often influence strategic decisions, financial policies and profit distribution. Effective negotiation ensures that the interests of the entrepreneur and shareholders align, providing stability and long-term growth for the business. A well-handled negotiation also fosters trust, transparency and confidence in the company's leadership, which is essential for securing ongoing investment and support.

Need for Negotiations with Shareholders

Negotiation with shareholders is necessary because shareholders provide capital that enables the business to operate and grow. Their investment represents both financial risk and opportunity, making clear communication essential. Entrepreneurs must negotiate terms such as equity allocation, voting rights, profit-sharing and decision-making authority. Without proper negotiation, misunderstandings may arise regarding responsibilities, expectations and the entrepreneur's control over operations. Negotiation also helps in managing potential conflicts between majority and minority shareholders, ensuring that business decisions are made in a manner that is fair and sustainable. By negotiating effectively, entrepreneurs can secure the necessary resources while maintaining operational independence and strategic flexibility.

Objectives of Negotiation with Shareholders

The primary objectives of negotiation with shareholders are to secure funding, establish clear governance structures, define profit-sharing arrangements and align the vision of all stakeholders. Entrepreneurs aim to communicate the business strategy, anticipated returns, risk factors and long-term growth plans transparently. Negotiations also seek to determine the level of involvement shareholders will have in decision-making processes, reporting requirements and accountability measures. Another objective is to prevent future disputes by clarifying rights, obligations and exit strategies. The overall goal is to create a partnership in which shareholders feel confident about their investment while the entrepreneur retains sufficient authority to manage the business effectively.

AREAS OF NEGOTIATION WITH SHAREHOLDERS

1. Equity and Ownership Structure

Equity allocation is one of the most important aspects of shareholder negotiation. Entrepreneurs must discuss the percentage of ownership each shareholder will hold, the valuation of the company and the terms of issuing new shares in the future. Negotiation should also cover the distinction between majority and minority shareholders and the associated rights and responsibilities. Clear agreements prevent conflicts over control, voting rights and influence on strategic decisions. Properly negotiated equity arrangements ensure that both the entrepreneur and shareholders have a clear understanding of ownership dynamics and future expectations.

2. Profit Sharing and Dividend Policy

Negotiations with shareholders must include profit distribution policies, dividend expectations and reinvestment strategies. Entrepreneurs should explain the company's projected earnings, plans for reinvestment into growth initiatives and the timing of dividend payments. Shareholders must understand that profits may fluctuate based on market conditions and business cycles. By negotiating profit-sharing arrangements, entrepreneurs can align shareholder expectations with the company's long-term financial strategy while minimizing disputes over distribution.

3. Decision-Making and Governance

Shareholders often seek involvement in key business decisions through voting rights or representation on the board of directors. Negotiation should clarify the scope of shareholder influence, the structure of decision-making bodies, reporting obligations and the process for approving major decisions. Entrepreneurs must maintain a balance between shareholder input and operational independence to ensure efficient management. Clear governance structures agreed upon during negotiations prevent conflicts, improve accountability and strengthen investor confidence.

4. Risk Management and Liability

Investing in a business involves financial risk for shareholders. Negotiations should include transparency about potential risks, liabilities and measures the company will take to mitigate them. Shareholders need to understand the legal and financial responsibilities associated with their investment. Entrepreneurs must clearly communicate risk factors and the steps they will take to protect both the company and the shareholders. By negotiating risk management protocols, entrepreneurs establish credibility and foster trust with investors.

5. Exit Strategies and Liquidity

Shareholders often negotiate terms for exiting their investment, such as selling shares to other investors, buyback options or initial public offerings. Entrepreneurs should discuss conditions under which exits are possible, timelines, valuation methods and any restrictions on selling shares. Clearly negotiated exit strategies reduce uncertainty for both parties and ensure that business continuity is maintained while providing shareholders with potential liquidity options.

6. Communication and Reporting

Regular communication and transparency are key components of shareholder negotiation. Entrepreneurs should agree on the frequency and format of financial reports, updates on business performance and meetings with shareholders. Open communication builds trust, enables shareholders to make informed decisions and reduces misunderstandings. Negotiation should define the level of detail provided in reports and the channels of communication to ensure accountability and clarity.

Guidelines for Effective Negotiation with Shareholders

- Prepare a comprehensive business plan including financial projections, growth strategies and risk assessments.
- Clearly articulate the value proposition for shareholders and the expected returns on investment.
- Maintain transparency and honesty in all discussions regarding risks, challenges and opportunities.
- Define governance, voting rights and decision-making processes clearly to prevent future conflicts.
- Establish written agreements covering ownership, profit sharing, exit strategies and reporting requirements.
- Communicate regularly and provide consistent updates on performance, challenges and progress.
- Balance shareholder involvement with operational autonomy to ensure smooth management.
- Be open to feedback and negotiation while protecting the long-term vision and sustainability of the enterprise.

Advantages of Negotiating with Shareholders

Negotiating effectively with shareholders provides access to capital essential for business growth. It strengthens credibility, attracts further investment and brings in expertise, guidance and networks that can accelerate development. Clearly defined agreements reduce conflicts, enhance transparency and create trust between entrepreneurs and investors. Shareholders who feel confident in their understanding of the business are more likely to provide continued support and actively contribute to long-term strategic decisions. Effective negotiations also protect the entrepreneur's authority while ensuring that investors' interests are safeguarded.

Disadvantages of Negotiating with Shareholders

Potential disadvantages include loss of operational independence if shareholders demand excessive control or influence. Misaligned expectations may lead to conflicts regarding profit distribution, strategy or decision-making. Negotiations that are not conducted carefully may result in legal disputes, strained relationships or pressure to compromise on long-term business vision. Failure to establish clear agreements on exits, voting rights and responsibilities can create confusion and risk the stability of the company. Entrepreneurs must be vigilant to protect both their authority and the trust of shareholders.

Conclusion

Negotiations with shareholders are a fundamental aspect of business management, requiring careful planning, clear communication and professional conduct. Properly conducted negotiations ensure alignment of goals, establish transparent governance structures and provide access to resources critical for growth. Entrepreneurs benefit from investor confidence, financial support and strategic guidance while shareholders gain clarity regarding

returns, risks and involvement. Mismanaged negotiations, on the other hand, can result in conflicts, loss of trust and operational challenges. Therefore, entrepreneurs must approach shareholder negotiations strategically, maintaining professionalism, fairness and transparency to achieve business success and long-term investor satisfaction.

17.6 NEGOTIATIONS WITH THE FINANCIAL INSTITUTIONS-ANGEL' MONEY

Negotiations with financial institutions and angel investors play a critical role in the growth and sustainability of entrepreneurial ventures. Unlike relatives or friends, financial institutions and angel investors operate professionally and expect a structured business plan, transparency and measurable returns. Financial institutions include banks, non-banking financial companies, microfinance institutions and venture capital firms, whereas angel investors are high net worth individuals who provide capital in exchange for equity or convertible debt. Entrepreneurs must approach these negotiations strategically because the terms, conditions and obligations set by these entities significantly affect business operations, decision-making and financial stability. Successful negotiations with financial institutions and angel investors not only provide the required capital but also bring credibility, advisory support and industry connections that are invaluable for scaling up the business.

Need for Negotiations with Financial Institutions and Angel Money

Entrepreneurs require external funding when personal resources, family support or internal cash flows are insufficient to meet business needs. Financial institutions and angel investors are often the most viable sources of large-scale funding, particularly for startups and expansion projects. Negotiation is necessary to define the terms of the funding, including interest rates, repayment schedules, equity stakes, voting rights and collateral requirements. Without careful negotiation, entrepreneurs risk accepting unfavorable terms that could limit operational flexibility, increase financial burden or compromise ownership. Negotiation also ensures that the entrepreneur and the funders are aligned in their expectations regarding growth targets, risk appetite, exit strategies and monitoring mechanisms. Properly structured negotiations reduce the likelihood of disputes, enhance trust and facilitate a productive long-term partnership between the entrepreneur and the financial backers.

Objectives of Negotiation with Financial Institutions and Angel Investors

The objectives of negotiating with financial institutions and angel investors are multi-dimensional. The primary aim is to secure the required capital under terms that are feasible and sustainable for the business. Entrepreneurs also seek to establish a clear understanding of repayment obligations, equity sharing arrangements, advisory involvement and reporting requirements. Negotiation serves to balance the entrepreneur's need for control with the investor's expectation of oversight and returns. It is also intended to minimize risks, clarify contingencies and ensure that the terms of funding do not hinder strategic decision-making or operational efficiency. Additionally, negotiations aim to build credibility and professional relationships that can facilitate future funding rounds, strategic partnerships and business mentorship opportunities.

AREAS OF NEGOTIATION WITH FINANCIAL INSTITUTIONS AND ANGEL INVESTORS

1. Amount of Funding and Purpose

Entrepreneurs must clearly articulate the required funding amount and the purpose for which it will be used. Whether the funds are intended for working capital, purchasing equipment, expanding operations, marketing or research and development, clarity in purpose helps financial institutions and angel investors assess risk and potential returns. Negotiations should include detailed budgets, projections and timelines to demonstrate financial planning and responsible utilization of funds. Clearly defining the purpose also establishes accountability and enhances investor confidence.

2. Interest Rates and Return on Investment

Financial institutions typically provide loans with interest while angel investors seek returns through equity appreciation or profit-sharing. Negotiations must determine the applicable interest rate, repayment schedule, frequency of installments and penalties for delayed payments. In the case of angel investors, the entrepreneur must discuss expected returns, equity dilution, voting rights and exit strategies. Transparent discussion of financial expectations ensures that both parties understand the potential benefits and risks associated with the investment or loan.

3. Collateral and Security Requirements

Financial institutions often require collateral as security for loans, which may include property, machinery, receivables or personal guarantees. Negotiations should clarify the nature, value and conditions under which collateral may be liquidated in case of default. Angel investors may also seek forms of security, though typically they focus on equity stakes and convertible instruments. Entrepreneurs must be prepared to negotiate terms that protect personal and business assets while satisfying the requirements of the funding entity.

4. Decision-Making and Oversight

Angel investors may request involvement in strategic or operational decision-making, either through board representation, advisory roles or voting rights. Negotiations must clearly define the level of influence investors will have on key business decisions and day-to-day management. Similarly, financial institutions may require regular reporting, audits and compliance with financial covenants. Establishing clear boundaries during negotiations helps the entrepreneur maintain operational control while meeting the oversight expectations of funders.

5. Risk Management and Contingencies

Funding entities are highly concerned with mitigating risks associated with their investment or loan. Negotiations should address potential risks, contingency plans, business continuity strategies and insurance coverage. Entrepreneurs must provide realistic projections of market conditions, potential challenges and financial safeguards. By discussing risk

management measures during negotiation, both parties gain clarity on responsibilities and expectations, reducing the likelihood of disputes and fostering trust.

6. Exit Strategies and Liquidity

For angel investors, exit strategies are an essential component of negotiation. This may include selling shares to other investors, public offerings, buybacks or liquidation events. Entrepreneurs must define conditions, timelines, valuation methods and procedures for executing exit strategies. Negotiating clear exit terms ensures that investors can realize returns without disrupting business continuity and provides a roadmap for future financing rounds.

7. Reporting and Communication

Negotiation should cover the frequency, format and scope of reporting that the entrepreneur will provide to financial institutions or angel investors. Regular updates on financial performance, operational progress and strategic initiatives are critical for maintaining transparency and trust. Establishing communication protocols during negotiation prevents misunderstandings and ensures accountability.

Guidelines for Effective Negotiation with Financial Institutions and Angel Investors

- Prepare a comprehensive business plan including financial projections, risk assessment and growth strategies.
- Clearly articulate funding requirements, expected utilization of funds and projected outcomes.
- Maintain honesty and transparency regarding risks, timelines, challenges and potential returns.
- Negotiate terms regarding interest rates, equity shares, repayment schedules, voting rights and oversight responsibilities.
- Establish clear agreements in writing to formalize terms, conditions and responsibilities.
- Balance investor involvement with operational autonomy to ensure effective management.
- Maintain regular communication, provide updates and address concerns promptly.
- Seek legal and financial advice for complex arrangements to protect both the business and investors.

Advantages of Negotiating with Financial Institutions and Angel Investors

Negotiations provide access to significant capital that may not be available through personal savings or family support. Properly negotiated agreements bring credibility, enhance the company's market reputation and facilitate additional investments. Angel investors often provide mentorship, business networks and strategic guidance, adding value beyond capital. Financial institutions provide structured support and access to financial services that aid in scaling operations. Effective negotiation ensures alignment of expectations, reduces conflicts and establishes a partnership framework that supports long-term business growth.

Disadvantages of Negotiating with Financial Institutions and Angel Investors

Potential disadvantages include loss of partial control due to investor oversight, pressure to meet financial covenants and obligations to deliver returns within specified timelines. Unfavorable negotiation terms may result in high interest rates, equity dilution, or restrictive conditions that limit operational flexibility. Miscommunication or lack of clarity during negotiation can lead to disputes, legal challenges and strained professional relationships. Entrepreneurs must carefully plan negotiations to protect both business interests and investor trust.

Conclusion

Negotiations with financial institutions and angel investors are essential for securing capital, establishing credibility and accessing strategic support for business growth. Effective negotiation requires preparation, clarity, transparency and professional conduct. Entrepreneurs must balance investor expectations with operational control while ensuring realistic financial and business commitments. Properly conducted negotiations strengthen trust, minimize conflicts, and create opportunities for sustainable growth. Mismanaged negotiations, however, can result in unfavorable terms, strained relationships and business instability, highlighting the importance of strategic planning and meticulous execution in all discussions with financial backers.

17.7 SUMMARY

Negotiating with financial institutions and angel investors is a crucial step in the entrepreneurial journey. It enables entrepreneurs to secure essential funds required for establishing, operating and expanding their businesses. Financial institutions such as banks, cooperative societies and microfinance organizations provide structured credit facilities in the form of loans, whereas angel investors offer risk capital in exchange for equity or convertible instruments. Both sources of funding demand careful planning, professional conduct and transparent communication during negotiation.

The entrepreneur must clearly define the amount of funding required, its purpose, repayment or return expectations and the duration of the investment. Negotiations also involve discussing important aspects like interest rates, ownership structures, collateral requirements, voting rights, governance systems and exit strategies. Clarity in these areas ensures that both the entrepreneur and the investor understand their roles, responsibilities and benefits.

Effective negotiation helps in establishing trust, creating a healthy financial relationship and avoiding misunderstandings in the future. Entrepreneurs who negotiate wisely secure better terms that protect business autonomy while satisfying the financial expectations of funders. Negotiations must always be supported by a well-prepared business plan that demonstrates the company's financial viability and potential for growth.

In conclusion, negotiations with financial institutions and angel investors are not merely financial transactions but strategic partnerships that determine the long-term success

of the enterprise. Successful negotiation ensures access to adequate funds, builds reputation, promotes sustainable growth and establishes the entrepreneur as a credible and trustworthy business leader.

17.8 TECHNICAL TERMS:

Angel Investor, Equity Financing, Debt Financing, Venture Capital, Seed Funding, Family and Friends Round, Convertible Debt, Shareholder Agreement, Valuation

17.9 SELF ASSESSMENT QUESTIONS:

- 1) How is borrowing money from family and friends different from taking a loan from a bank?
- 2) How can you maintain good relationships with family and friends when seeking financial help for your business?
- 3) What factors should you keep in mind when negotiating with angel investors?
- 4) What does due diligence mean, and why is it important in negotiations with investors?
- 5) What are the potential risks of borrowing from family friends or financial institutions and how can you reduce these risks?

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LESSON-18

ENTREPRENEURSHIP SUPPORT SYSTEMS: INSTITUTION SET UP AND INDUSTRIAL ESTATES, SIDCO, SIDO, NSIC, SISI, SIPCOT, IIC

18.0. OBJECTIVES:

After going through this lesson, students will understand

- The role of entrepreneurship support systems in promoting business development.
- The objectives and functions of SIDCO in industrial development.
- How SIDO supports small-scale industries and fosters entrepreneurship.
- The role of NSIC in facilitating access to finance, technology and marketing for small businesses.
- The significance of SIPCOT in establishing industrial estates and promoting industrial investment.

STRUCTURE:

18.1 INTRODUCTION

18.2 ENTREPRENEURSHIP SUPPORT SYSTEMS: INSTITUTIONAL SETUP AND INDUSTRIAL ESTATES

18.3 SIDCO (State Industrial Development Corporation)

18.4 SIDO (Small Industries Development Organization)

18.5 NSIC (National Small Industries Corporation)

18.6 SISI (Small Industries Service Institutes)

18.7 SIPCOT (State Industries Promotion Corporation of Tamil Nadu)

18.8 IIC (Indian Industries Commission)

18.9 SUMMARY

18.10 TECHNICAL TERMS

18.11 SELF ASSESSMENT QUESTIONS

18.12 REFERENCE BOOKS

18.1 INTRODUCTION

Entrepreneurship is a key driver of economic growth, job creation and innovation. However, entrepreneurs often face numerous challenges, such as limited access to capital, lack of infrastructure and insufficient technical expertise. To support and encourage entrepreneurship, various organizations and institutions have been established to provide vital resources and services to business owners at every stage of their journey.

Entrepreneurship support systems refer to the organized network of institutions, programs and services that assist individuals in starting, managing and expanding their business ventures. These systems play a crucial role in fostering innovation, job creation and economic development by providing entrepreneurs with access to resources such as finance, mentorship, training, and infrastructure and policy guidance.

These entrepreneurship support systems include industrial estates and supportive institutions that offer essential services like financing, technology support, marketing assistance and business development training. Prominent institutions such as SIDCO (State Industries Development Corporation), SIDO (Small Industries Development Organization), NSIC (National Small Industries Corporation), SISI (Small Industries Service Institute), SIPCOT (State Industries Promotion Corporation of Tamil Nadu) **and** IIC (Indian Investment Centre) play a crucial role in supporting entrepreneurs, especially small and medium-sized enterprises (SMEs).

- **SIDCO** is focused on the development of industrial estates, providing entrepreneurs with infrastructure and financial support.
- **SIDO** helps small-scale industries by offering guidance and creating policies to simplify business operations.
- **NSIC** supports SMEs through services like marketing, technology assistance and financial aid.
- **SISI** offers technical training, financial support and business guidance to small businesses.
- **SIPCOT** promotes industrial growth in Tamil Nadu by providing essential infrastructure and facilities.
- **IIC** aids entrepreneurs with funding and investment support for new ventures.

This lesson will examine these institutions, their roles and how they contribute to creating a favorable environment for business development. By understanding these support systems, entrepreneurs can access the necessary resources and networks to successfully establish and grow their businesses.

18.2 ENTREPRENEURSHIP SUPPORT SYSTEMS: INSTITUTIONAL SETUP AND INDUSTRIAL ESTATES

Entrepreneurship development does not take place in isolation. It requires a strong support system that provides financial assistance, technical guidance, training, marketing help and infrastructural facilities. In every country, various institutions are established by the government to promote, guide and support entrepreneurs in setting up and managing their enterprises successfully. These institutions together form the entrepreneurship support system. They play a vital role in transforming innovative ideas into successful business ventures by offering continuous support at different stages of business development such as project identification, financing, production, marketing and export promotion.

Entrepreneurship support systems refer to the network of institutions, organizations and agencies that assist entrepreneurs in various aspects of enterprise establishment, operation and growth. These systems are designed to create a favorable environment for entrepreneurship by providing financial, technical, managerial and infrastructural support. The main goal is to remove the obstacles faced by entrepreneurs and to ensure smooth functioning of the enterprise from its inception to maturity.

Objectives of Entrepreneurship Support Systems

- To promote and encourage new entrepreneurs in both rural and urban areas.
- To provide financial and technical assistance to potential and existing entrepreneurs.
- To create employment opportunities through the establishment of new enterprises.
- To facilitate training and skill development programs for self-employment.
- To promote balanced regional development by setting up industries in backward areas.
- To provide infrastructural facilities such as land, buildings, water, electricity and transport.
- To assist in marketing products through fairs, exhibitions and export promotion councils.
- To ensure coordination between various government departments and industrial organizations.

Institutional Setup for Entrepreneurship Development

The institutional setup for entrepreneurship development in India consists of a well-organized network of national, state and district-level organizations. These institutions work together to support entrepreneurs in different ways.

1. National Level Institutions

At the national level, several organizations have been established to coordinate and promote entrepreneurial activities throughout the country.

a) National Small Industries Corporation (NSIC):

Established in 1955, NSIC provides a range of services to small-scale industries such as machinery on hire-purchase basis, marketing assistance, raw material supply, and export promotion. It also helps in technology upgradation and provides training to entrepreneurs through technical service centers.

b) Small Industries Development Bank of India (SIDBI):

SIDBI was set up in 1990 as the principal financial institution for promoting, financing and developing small-scale industries. It provides loans, refinance assistance to banks and venture capital support to innovative entrepreneurs. It also helps in modernization and technology upgradation of small enterprises.

c) Khadi and Village Industries Commission (KVIC):

KVIC promotes rural industrialization through the development of khadi, village and cottage industries. It supports rural artisans by providing financial aid, raw materials, tools and marketing outlets. KVIC plays an important role in generating self-employment in villages and reducing migration to urban areas.

d) National Bank for Agriculture and Rural Development (NABARD):

NABARD was established in 1982 to promote rural development by financing agricultural and non-farm activities. It supports rural entrepreneurship through credit facilities, training programs and infrastructure development in rural areas.

e) Indian Institute of Entrepreneurship (IIE):

Located in Guwahati, IIE conducts training, research and consultancy programs in entrepreneurship development. It focuses on capacity building, cluster development and skill enhancement among entrepreneurs.

f) National Institute for Micro, Small and Medium Enterprises (NI-MSME):

Formerly known as SISI, NI-MSME conducts training programs for entrepreneurs, provides consultancy and helps in policy formulation for small enterprises. It also assists in project planning and business management.

2. State Level Institutions

Each state has its own organizations that work for the promotion of entrepreneurship and industrial development.

a) State Financial Corporation's (SFCs):

SFCs provide medium and long-term loans to small and medium enterprises for purchasing machinery, land and buildings. They help in industrializing backward regions and encouraging first-generation entrepreneurs.

b) State Industrial Development Corporations (SIDCs):

SIDCs are responsible for promoting large and medium industries at the state level. They develop industrial estates, provide financial assistance and help in the development of infrastructure such as roads, power and water supply.

c) District Industries Centers (DICs):

Established in 1978, DICs act as the focal point for entrepreneurship development at the district level. They identify potential entrepreneurs, provide guidance on project selection, prepare feasibility reports and assist in obtaining financial support. DICs also organize Entrepreneurship Development Programmes (EDPs) to train new entrepreneurs.

d) State Industrial and Investment Promotion Corporations:

These corporations promote industrial investment in their respective states by providing project assistance, investment guidance and marketing support. They also help in attracting both domestic and foreign investments.

3. Other Supporting Organizations

a) Small Industries Service Institutes (SISIs):

SISIs provide technical and managerial consultancy, training programs and marketing assistance to small industries. They also help in testing products and quality control.

b) Technical Consultancy Organizations (TCOs):

TCOs offer professional consultancy services related to project identification, feasibility analysis, market surveys and project reports. They help entrepreneurs in making informed decisions.

c) Industrial Development Banks:

Banks such as IDBI and IFCI provide long-term finance for setting up new industries and for modernization of existing units.

Industrial Estates

An industrial estate is a systematically planned and developed area where various industrial units are established along with necessary infrastructure and common facilities. It provides ready-made factory sheds, power supply, roads, communication facilities, water and banking services to entrepreneurs at reasonable rates.

Objectives of Industrial Estates

- To promote rapid industrialization by providing developed infrastructure.
- To encourage small entrepreneurs by reducing initial setup costs.
- To promote balanced regional development through industrial dispersal.
- To facilitate employment generation and local resource utilization.
- To provide access to modern facilities and shared services.
- To improve productivity and competitiveness among small industries.

Features of Industrial Estates

- Developed land with roads, drainage and lighting.
- Ready-to-use factory sheds with utilities such as water and electricity.
- Common facilities like banks, warehouses, transport and post offices.
- Support services like testing laboratories, tool rooms and training centers.
- Located near transport facilities for easy access to raw materials and markets.

Functions of Industrial Estates

- Providing infrastructural facilities and industrial plots to entrepreneurs.
- Offering common amenities that reduce the cost of operation for small industries.
- Encouraging new entrepreneurs to start ventures by reducing financial risks.

- Supporting rural and semi-urban industrialization.
- Assisting in the development of industrial clusters to increase efficiency and cooperation.

Types of Industrial Estates

General Industrial Estates: Developed for all types of industries without specialization.

Specialized Industrial Estates: Established for specific industries such as electronics, textiles or food processing.

Export Processing Zones: Set up for promoting export-oriented industries with tax incentives and simplified procedures.

Agro-based Industrial Estates: Developed in rural areas to utilize agricultural produce for value addition.

Women Entrepreneur Estates: Designed to encourage women entrepreneurs by providing special incentives and facilities.

Importance of Industrial Estates

Industrial estates are vital for accelerating the pace of industrial development. They reduce costs for new entrepreneurs by providing ready infrastructure, which saves time and effort in acquiring land and utilities. They promote entrepreneurship in backward areas, thereby reducing regional disparities. Industrial estates also create employment, encourage the use of local resources and stimulate ancillary industries. They facilitate technology transfer, cooperation among industries and increase the overall productivity of the industrial sector.

18.3 SIDCO (State Industrial Development Corporation)

The State Industrial Development Corporation (SIDCO) is a government agency responsible for promoting and supporting industrial growth at the state level. Its primary role is to create the infrastructure necessary for industrialization, focusing on land acquisition and industrial estate development.

Functions of SIDCO:

- Industrial Estate Development: SIDCO develops and manages industrial estates, offering ready-to-use infrastructure such as land, utilities (electricity, water) and telecommunication facilities.
- Land Procurement and Allotment: SIDCO assists entrepreneurs by acquiring and allocating land for industrial purposes at competitive rates, often in areas with underdeveloped infrastructure.
- Financial Support: It facilitates access to loans, subsidies and other financial support for small industries, helping them overcome initial capital constraints.

- Promoting Regional Development: SIDCO focuses on boosting industrial development in backward regions to promote economic equity and job creation.

Marketing Support: SIDCO assists small-scale industries in marketing their products by organizing trade fairs, exhibitions and providing access to government procurement programs.

Promotion of Entrepreneurship: By supporting new entrepreneurs through various development programs, SIDCO encourages self-employment and industrial growth at the grassroots level.

Technical and Managerial Support: It offers training programs, consultancy services and guidance on technology upgradation and quality improvement, enhancing the competitiveness of small industries.

Importance:

The Small Industries Development Corporation (SIDCO) plays a vital role in promoting and supporting the growth of small-scale industries (SSIs) and micro, small and medium enterprises (MSMEs) in India. It serves as a bridge between entrepreneurs and government initiatives, helping to strengthen the industrial base, particularly in small towns and rural areas. SIDCO plays a key role in nurturing small industries, promoting balanced regional development, generating employment and contributing significantly to the overall economic progress of the nation.



Fig. 18.1: SIDCO (State Industrial Development Corporation)

18.4 SIDO (Small Industries Development Organization)

SIDO, part of the Ministry of MSME, is an apex body that promotes and supports small-scale industries (SSIs). SIDO plays a crucial role in addressing the various challenges that small industries face, such as technology upgradation, marketing access and financial assistance.

The Small Industries Development Organization (SIDO) now known as the Office of the Development Commissioner (MSME) is one of the most important agencies under the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India. It was established in 1954 to promote, develop and support small-scale industries across the country.

Functions SIDO

1. Policy Formulation and Coordination

SIDO assists the government in framing policies and programs for the promotion and development of small-scale industries (SSIs). It also coordinates the activities of various state and central-level institutions working for small industries.

SIDO engages with the government to ensure that policies are in place to promote the growth of small industries and protect their interests.

2. Entrepreneurial Development:

It organizes Entrepreneurship Development Programs (EDPs) and training sessions to nurture new entrepreneurs and improve the managerial and technical skills of existing ones.

3. Training and Skill Development:

SIDO runs several Entrepreneurship Development Programs (EDPs), workshops and training sessions to enhance the entrepreneurial skills of individuals and business owners.

4. Technology and Quality Support:

SIDO promotes modernization and technology upgradation by providing consultancy services, technical guidance and quality improvement support through its network of field offices and specialized institutions.

5. Infrastructure and Industrial Estates:

The organization helps in establishing industrial estates and clusters to provide small enterprises with the required infrastructure and facilities.

6. Market Promotion:

SIDO supports small industries in marketing their products through exhibitions, fairs and marketing assistance schemes and also helps them participate in government procurement programs. SIDO organizes exhibitions, trade fairs and buyer-seller meets to help small businesses access larger markets and attract customers.

Financial and Credit Assistance: SIDO helps small businesses secure loans, grants and subsidized credit from various financial institutions.

7. Advisory and Research Role:

It conducts research, surveys and studies to understand the challenges faced by small industries and provides policy recommendations to address them.

SIDO has been instrumental in strengthening India's small-scale industrial sector, which plays a key role in employment generation, balanced regional development and export promotion. By offering a wide range of support services from policy guidance to technical assistance SIDO contributes significantly to building a vibrant and sustainable MSME ecosystem in India.

Importance:

By providing technical support, training and policy advocacy, SIDO empowers small businesses to thrive, helping them overcome common hurdles such as inadequate funding, poor access to technology and limited market exposure.

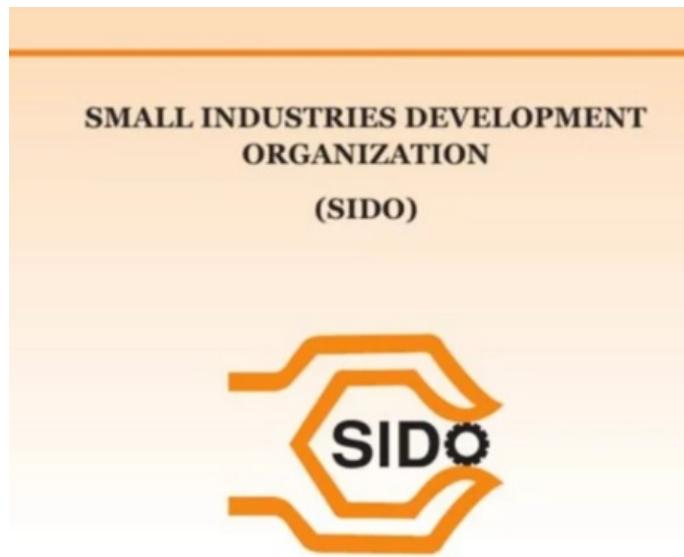


Fig. 18.2: SIDO (Small Industries Development Organization)

18.5 NSIC (National Small Industries Corporation)

The National Small Industries Corporation (NSIC) is a Government of India enterprise established in 1955 under the Ministry of Micro, Small and Medium Enterprises (MSME). Its primary objective is to promote, support and foster the growth of micro and small enterprises (MSEs) in the country. NSIC plays a vital role in empowering small businesses by providing integrated support services related to finance, marketing, technology and training.

1. Facilitating Credit and Finance:

NSIC helps small industries access financial assistance through schemes such as the Credit Facilitation Scheme, which connects entrepreneurs with banks and financial institutions. It also provides raw material assistance on credit to ensure smooth production. NSIC provides financial services like credit facilitation, guarantee schemes and subsidized loans to support small enterprises in securing capital for expansion and modernization.

2. Marketing Support:

Marketing is often a major challenge for small businesses. NSIC assists them through Government Purchase Programs, Single Point Registration Schemes (SPRS) and participation in trade fairs and exhibitions, helping MSEs expand their market reach. NSIC helps small businesses through marketing assistance by organizing trade fairs, exhibitions and buyer-seller meetings. This helps small industries expand their market presence and connect with potential buyers.

3. Technology Upgradation:

The corporation promotes technology adoption by offering technical support, incubation facilities and modernization services. It also runs NSIC Technical Service Centers (TSCs) that provide testing, training and product development assistance.

4. Skill Development and Entrepreneurship Training:

NSIC organizes various training programs to develop entrepreneurial and technical skills among youth, thereby promoting self-employment and innovation.

5. Raw Material Procurement:

The corporation also helps small industries procure raw materials at competitive rates by acting as an intermediary, enabling small businesses to access bulk supplies at lower costs.

5. Cluster Development:

By developing and supporting industrial clusters, NSIC helps small enterprises benefit from shared infrastructure, resources and common facilities, enhancing their productivity and competitiveness.

6. Technology Upgradation:

NSIC offers technology development programs to help small industries adopt the latest technologies, improving efficiency and product quality.

7. Export Promotion:

It helps export-oriented units by providing market information, export facilitation and assistance in meeting international standards.

NSIC acts as a catalyst for small business growth by bridging gaps between entrepreneurs and essential resources. It promotes industrialization, generates employment and contributes significantly to India's economic development by strengthening the MSME sector — the backbone of the national economy.



Fig. 18.3: NSIC (National Small Industries Corporation)

Importance:

NSIC plays a vital role in ensuring that small industries have access to the resources they need for growth and innovation. Through financial assistance, market access and technical support, it aids businesses in becoming competitive both locally and globally.

18.6 SISI (Small Industries Service Institutes)

The Small Industries Service Institutes (SISIs) now restructured and renamed as MSME Development Institutes (MSME-DIs) were established under the Small Industries Development Organization (SIDO) to provide direct support and services to small-scale industries at the regional and state levels. These institutes play a crucial role in the promotion, development and strengthening of micro, small and medium enterprises (MSMEs) across the country.

SISIs have been instrumental in nurturing entrepreneurship, building industrial capacity and strengthening the MSME ecosystem in India. By offering a wide range of technical, managerial and marketing services, they contribute significantly to employment generation, balanced regional development and economic growth. The Small Industries Service Institutes (SISI) are regional offices that operate under the Ministry of MSME. These institutes offer a broad spectrum of services, including consultancy, entrepreneurship training and technical support, to small-scale industries.

Key Functions of SISI:

- **Consultancy and Advisory Services:** SISI provides expert consultancy in areas like product design, quality improvement and business management, helping entrepreneurs build robust and scalable businesses.
- **Training and Development:** The institute organizes entrepreneurship development programs (EDPs) and other skill-building initiatives to help entrepreneurs enhance their business acumen and technical knowledge.
- **Access to Finance:** SISI helps small industries develop business plans and project reports to access loans and financial assistance from banks and other financial institutions.
- **Technology and Infrastructure Support:** SISI provides guidance on technology adoption and helps small businesses set up the necessary infrastructure to improve their production processes.

Market and Export Promotion:

SISIs assist small industries in identifying markets for their products, participating in trade fairs and exploring export opportunities. They also guide entrepreneurs on government procurement policies and tendering procedures.

Industrial Training and Skill Upgradation:

Through various training programs, SISIs help develop a skilled workforce suited to the needs of small industries, thereby enhancing productivity and efficiency.

Cluster Development and Industrial Promotion:

The institutes promote the formation and development of industrial clusters and ancillary units, enabling collective growth and resource sharing among small enterprises.

Policy Implementation and Support:

SISIs serve as a vital link between the central government, state governments and small entrepreneurs, ensuring that various MSME policies and schemes are effectively implemented at the ground level.

Importance:

SISI acts as a one-stop solution for small businesses by providing practical support and resources to enhance business operations and navigate challenges related to technology, finance and market access.

18.7 SIPCOT (State Industries Promotion Corporation of Tamil Nadu)

SIPCOT is the agency responsible for promoting industrial development in Tamil Nadu by establishing industrial parks and special economic zones (SEZs). It plays a crucial role in providing entrepreneurs with the infrastructure required for setting up their businesses.



Fig. 18.4: SIPCOT (State Industries Promotion Corporation of Tamil Nadu)

Key Functions of SIPCOT:

- **Industrial Infrastructure Development:** SIPCOT develops industrial parks, SEZs and industrial estates that provide entrepreneurs with ready-to-use infrastructure, including land, water supply, electricity and communication networks.

- Land Allotment: SIPCOT helps businesses secure land for industrial purposes at affordable rates, particularly in highly industrialized regions.
- Support for Large-Scale Industries: SIPCOT focuses on attracting both large-scale and small-scale industries by offering land and infrastructure at competitive prices.
- Export Promotion: The corporation encourages export-oriented industries by providing special incentives and supporting their integration into global supply chains.

Importance:

SIPCOT's work has transformed Tamil Nadu into one of India's most industrialized states, providing world-class infrastructure to support a wide range of industries, from manufacturing to exports.

18.8 IIC (Indian Industries Commission):

The Indian Industries Commission (IIC) is responsible for creating policies and guidelines that help shape the growth of India's industrial sector. Though not directly involved in the day-to-day support of individual entrepreneurs, the IIC plays a significant role in industrial policy formulation, research and coordination.

Key Functions of IIC:

- Policy Formulation: The IIC works closely with the government to formulate industrial policies that foster a favorable business environment, encourage innovation and reduce bureaucratic barriers for entrepreneurs.
- Research and Data Analysis: It conducts research to identify key trends, challenges, and opportunities within the industrial sector, helping policymakers craft evidence-based policies.
- Industry Coordination: The IIC works as a bridge between the government, industry bodies, and entrepreneurs to ensure that industrial policies are effectively implemented.

Importance:

IIC's research and policy advocacy help create a business environment that encourages innovation, entrepreneurship and economic growth, contributing to the long-term sustainability of industries across India.

18.9 SUMMARY:

Entrepreneurship is essential for economic progress, but entrepreneurs often face significant challenges, such as financial limitations, inadequate infrastructure and a lack of technical expertise. To overcome these obstacles, several entrepreneurship support systems have been put in place by both the government and private sector. These systems provide critical

services and resources to entrepreneurs, helping them navigate the complexities of starting and growing a business.

Key organizations such as SIDCO (State Industries Development Corporation), SIDO (Small Industries Development Organization), NSIC (National Small Industries Corporation), SISI (Small Industries Service Institute), SIPCOT (State Industries Promotion Corporation of Tamil Nadu) and IIC (Indian Investment Centre) play a pivotal role in supporting entrepreneurs, particularly those running small and medium-sized enterprises (SMEs).

- **SIDCO** helps foster industrial growth by developing industrial estates and providing essential infrastructure to businesses.
- **SIDO** supports small-scale industries through guidance and policy initiatives designed to ease business operations.
- **NSIC** offers marketing, technology and financial assistance to help SMEs grow and compete in the market.
- **SISI** provides technical training, financial support and business advisory services to enhance the capabilities of small enterprises.
- **SIPCOT** promotes industrial development in Tamil Nadu by offering crucial infrastructure and facilities for business operations.
- **IIC** aids new ventures by providing funding and facilitating investment opportunities.

Together, these institutions create a strong support network that helps entrepreneurs access the necessary resources and infrastructure to build and scale their businesses. By understanding these support systems, entrepreneurs can take full advantage of the opportunities available to them and effectively overcome the challenges they face in their business journey.

18.10 TECHNICAL TERMS:

Entrepreneurship Support Systems, Institution Setup, Industrial Estates, SIDCO (State Industries Development Corporation), SIDO (Small Industries Development Organization), NSIC (National Small Industries Corporation), SISI (Small Industries Service Institute), SIPCOT (State Industries Promotion Corporation of Tamil Nadu), IIC (Indian Investment Centre)

18.11 SELF ASSESSMENT QUESTIONS:

- 1) What are the main functions of SIDCO and SIPCOT in supporting industrial development and entrepreneurship?
- 2) How does SIDO assist small and medium enterprises (SMEs) in their growth and sustainability?
- 3) What kinds of support and services does NSIC provide to small businesses, and how do they address common challenges?

- 4) How does SISI help small businesses by offering training and technical assistance?
- 5) How do industrial estates created by organizations like SIDCO and SIPCOT benefit entrepreneurs in terms of infrastructure and operational efficiency?

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Dr. Santhi Sri, K.V.

LESSON-19

NAYE, NPC, KVIC, TCUC, COMMERCIAL BANKS, SHG (SELF HELP GROUPS)

19.0. OBJECTIVES:

After going through this lesson, students will understand

- To understand the role of institutions like NAYE, NPC, KVIC and TCUC in promoting entrepreneurship.
- To learn how commercial banks and SHGs support financial and entrepreneurial development.
- To study various government initiatives for enhancing productivity and self-employment.
- To recognize the importance of women empowerment in entrepreneurial growth.
- To develop awareness of institutional support systems for small and medium enterprises.

STRUCTURE:

19.1 INTRODUCTION

19.2 NAYE (National Alliance for Young Entrepreneurs)

19.3 NPC (National Productivity Council)

19.4 KVIC (Khadi and Village Industries Commission)

19.5 TCUC (Tamil Nadu Corporation for Development of Women)

19.6 COMMERCIAL BANKS

19.7 SELF-HELP GROUPS (SHGs)

19.8 SUMMARY

19.9 TECHNICAL TERMS

19.10 SELF ASSESSMENT QUESTIONS

19.11 REFERENCE BOOKS

19.1 INTRODUCTION

The National Alliance of Young Entrepreneurs (NAYE), National Productivity Council (NPC), Khadi and Village Industries Commission (KVIC), Trade and Commerce Union Council (TCUC), Commercial Banks and Self-Help Groups (SHGs) are pivotal in fostering entrepreneurship and economic development in India. NAYE, established in the 1970s, empowers young entrepreneurs by identifying self-employment opportunities providing

training and securing financial assistance through schemes like the Bank of India National Entrepreneurship Development Scheme (BINEDS).

The NPC, formed in 1958 under the Ministry of Commerce and Industry enhances productivity across sectors through consultancy, training and research, supporting small-scale industries and promoting global competitiveness as part of the Asian Productivity Organization. KVIC, a statutory body since 1957, promotes khadi and village industries in rural areas via schemes like the Prime Minister's Employment Generation Programme (PMEGP) fostering self-reliance and employment for artisans. While TCUC's specific role is less clear, it likely aligns with trade bodies like ASSOCHAM, facilitating policy advocacy and market access for entrepreneurs. Commercial banks, such as Bank of India and Punjab National Bank provide essential financial support through loans and credit facilities under schemes like PMEGP enabling small businesses and SHGs to thrive.

SHGs, informal groups of 5–20 individuals empower marginalized communities especially rural women, by promoting collective savings, microfinance access and social entrepreneurship significantly contributing to poverty alleviation and economic independence. Together, these entities create a robust ecosystem for sustainable growth and rural empowerment. In India, numerous government and private sector organizations play a vital role in fostering entrepreneurship especially for small and medium enterprises (SMEs).

These support systems offer a variety of services such as financial aid, technical guidance, training and market access. Institutions like NAYE, NPC, KVIC, TCUC, commercial banks and Self-Help Groups (SHGs) are integral to promoting inclusive growth and empowering entrepreneurs especially from underrepresented groups like rural communities and women.

19.2 NAYE (National Alliance for Young Entrepreneurs)

The National Alliance of Young Entrepreneurs (NAYE) was set up as part of India's broader efforts to promote small-scale and youth entrepreneurship. It emerged in the post-independence period when India's policy prioritized self-employment and development of indigenous industries. NAYE aimed to address the vacuum between ambitious young people and institutional support for business ventures.

Over time, NAYE's functions merged with or were subsumed by newer institutions such as the Federation of Indian Micro and Small & Medium Enterprises (FISME). Yet, its legacy continues in how entrepreneurship support systems have evolved in India.

Objectives

NAYE's primary objectives include:

- To nurture young individuals into entrepreneurs by building their motivation, skill and confidence.
- To act as a bridge between aspiring entrepreneurs and support institutions such as banks, training bodies and government agencies.
- To provide guidance in project formulation, business planning and viability assessment.

- To organize exposure programs, trade fairs and industrial visits so that young entrepreneurs gain real-world insight.
- To advocate for policy changes and institutional measures favorable to small and youth-led enterprises.
- These objectives reflect the dual role of NAYE: capacity building and institutional advocacy.

Functions and Activities

To achieve its objectives, NAYE undertook several functions:

Training and Workshops: It conducted entrepreneurial development programs (EDPs) which covered ideation, feasibility, marketing, financial management and other core business topics.

Information Service and Advisory: NAYE functioned as an information center providing data on government schemes, subsidies, raw material sources and market linkages.

Networking and Linkages: It organized showrooms, exhibitions, seminars and forums that allowed young entrepreneurs to meet investors, peers and government officials.

Project Assistance: NAYE helped in preparing project reports, getting clearances and connecting entrepreneurs to credit sources.

Advocacy and Policy Interface: It represented the concerns of young entrepreneurs to government bodies pushing for better access to finance, infrastructural facilities and favorable policies.

Through these combined activities, NAYE attempted to reduce the “death rate” of new enterprises by giving them support from the start.

Role in Supporting Women Entrepreneurs

NAYE recognized that women entrepreneurs often face additional barriers - lack of access to capital, limited exposure, social norms and lower confidence. Therefore, it instituted a Women's Wing possibly around 1975 to address these specific challenges.

This wing focused on:

- 1) Making women aware of entrepreneurship as a career option.
- 2) Arranging training tailored for women's needs, such as micro-enterprise ventures suited to local strengths.
- 3) Helping women prepare business plans and apply for credit under special schemes.
- 4) Organizing women's participation in trade fairs, exhibitions and workshops to enhance market exposure.
- 5) Liaising with other organizations to provide infrastructure and marketing support to women-led ventures.

By doing this, NAYE aimed to reduce gender disparity in entrepreneurship and bring more women into the mainstream of economic activity.

Strengths, Limitations and Legacy

Strengths:

- It provided a structured platform at a time when formal institutional support for youth entrepreneurship was minimal.
- Its blend of training, linkages and advocacy was holistic rather than piecemeal.
- The women's wing was forward-looking and progressive in intent.

Limitations:

- Limited reach-many rural or remote youth could not access NAYE's programs.
- Resource constraints-operational funding, trained staff, follow-up support were always a challenge.
- Overlap with newer institutionsover time, bodies like NIESBUD, SIDBI and state EDP agencies took on broader roles reducing the distinct identity of NAYE.

Legacy:

Although NAYE as an organization is less visible today, its influence persists in how entrepreneurship promotion has been institutionalized. Many modern support entities (state EDP cells, youth entrepreneurship programs, incubation centers) owe their design partly to the template that NAYE created.

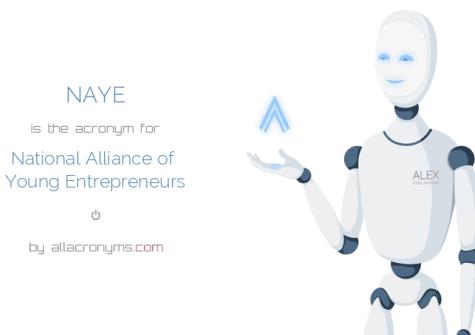


Fig. 19.1: NAYE (National Alliance for Young Entrepreneurs)

19.3 NPC (National Productivity Council)

The National Productivity Council (NPC) is an autonomous, non-profit organization under the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India. Established in 1958, NPC plays a crucial role in promoting productivity consciousness and competitiveness across various sectors of the Indian economy. It functions as a national-level apex body responsible for generating awareness conducting training and providing consultancy services related to productivity improvement, quality enhancement and efficiency in enterprises.

NPC's philosophy is rooted in the idea that productivity is not just about working harder, but working smarter achieving more output with the same or fewer resources. Its mission is to develop a productivity culture across industries, agriculture and services while ensuring sustainable development and inclusive growth.

Objectives of NPC

- To enhance productivity in all sectors through systematic application of modern management techniques, quality tools and technological innovations.
- To provide training, consultancy and research services to improve efficiency and reduce wastage.
- To assist government and industry in formulating and implementing productivity-linked policies and programs.
- To collaborate with international organizations such as the Asian Productivity Organization (APO) and exchange best practices.
- To promote awareness about productivity improvement as a key driver of national economic development.

Functions and Activities

The National Productivity Council undertakes a wide range of functions aimed at increasing competitiveness and efficiency across sectors:

Training and Capacity Building:

NPC organizes workshops, seminars and management development programs to train professionals, managers and entrepreneurs. These programs cover themes like lean manufacturing, quality management, energy efficiency, supply chain optimization and industrial safety.

Consultancy Services:

NPC provides consultancy to both private and public sector organizations in areas such as process improvement, cost reduction, technology adoption and waste minimization. Customized productivity audits are also carried out to help enterprises identify inefficiencies and enhance profitability.

Research and Policy Advisory:

The council conducts applied research on topics related to productivity, competitiveness and sustainability. It also advises central and state governments on productivity-oriented policies, industrial reforms and skill development initiatives.

Energy and Environmental Management:

NPC has specialized divisions for energy auditing and environmental management, supporting industries in conserving resources and minimizing pollution. It promotes eco-friendly technologies and sustainable practices, aligning with India's environmental goals.

Productivity Awareness Programs:

NPC observes the National Productivity Week every year in February to spread awareness about productivity enhancement across organizations, educational institutions and government departments.

International Collaboration:

As a founder member of the Asian Productivity Organization (APO), NPC represents India in regional productivity forums. Through APO projects, Indian professionals gain exposure to international trends and techniques for productivity enhancement.

Role in Promoting Women Entrepreneurship

NPC recognizes the potential of women entrepreneurs as a vital force in economic progress. It has launched several capacity-building initiatives for women, including entrepreneurship development programs, leadership training and managerial skill enhancement. By improving productivity awareness among women-led enterprises, NPC enables them to adopt modern techniques, improve quality standards and achieve better competitiveness in local and global markets.

Through workshops on business efficiency, quality control and financial management, NPC helps women entrepreneurs overcome operational challenges and scale up their businesses effectively. These initiatives align with the government's broader mission of empowering women through skill development and self-employment.

Impact and Achievements**Over the decades, NPC has played a significant role in:**

- Increasing industrial productivity and improving quality standards.
- Encouraging innovation and efficiency in micro, small and medium enterprises (MSMEs).
- Supporting the Make in India and Skill India missions.
- Training thousands of professionals and entrepreneurs through its regional centers.
- Promoting green productivity, energy efficiency and environmental sustainability.
- NPC's efforts have contributed to reducing production costs, improving competitiveness and enhancing the overall quality of life by fostering sustainable economic growth.



Fig. 19.2: National Productivity Council

19.4 KVIC (Khadi and Village Industries Commission)

The Khadi and Village Industries Commission (KVIC) is a statutory body established in 1956 under the Khadi and Village Industries Commission Act. KVIC functions under the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India. Its primary aim is to promote and develop khadi and other village industries in rural areas, create employment opportunities and foster self-reliance through the use of local resources and skills. KVIC operates as both a promoter and regulator, overseeing production, quality control, marketing and financial assistance to village-based entrepreneurs.

Objectives:

The key objectives of KVIC are:

- To promote the production and sale of khadi and other village industry products
- To generate employment in rural areas, particularly for women and unskilled workers
- To enhance rural incomes and improve socio-economic standards
- To preserve traditional crafts and skills through organized support
- To encourage entrepreneurship among rural populations using local raw materials

Functions of KVIC

KVIC carries out a wide range of activities to achieve its objectives:

a) Promotion of Khadi and Village Industries

KVIC promotes khadi textiles, handicrafts, handlooms and small-scale rural industries. It ensures product quality and encourages innovation while preserving traditional production techniques.

b) Employment Generation

KVIC's programs provide sustainable livelihood opportunities for rural women, artisans and underprivileged communities. Production units, training centers and micro-enterprises under KVIC employ millions across India.

c) Financial Assistance

KVIC facilitates financial aid through subsidies, loans and grants. It collaborates with commercial banks and state financial institutions to provide capital for raw materials, tools and equipment.

d) Training and Skill Development

KVIC runs training programs for artisans, rural youth and women entrepreneurs. These programs focus on improving production techniques, product design and quality standards, business management, marketing and financial literacy.

e) Marketing Support

KVIC assists rural producers by providing marketing outlets, organizing exhibitions and trade fairs to connect rural products with larger markets and supporting e-commerce and online marketing platforms for khadi and village industry products.

f) Research and Development

KVIC undertakes research in product innovation, material substitution, quality improvement and cost reduction. R&D initiatives ensure traditional skills meet modern market demands.

Schemes under KVIC

KVIC runs several schemes aimed at empowering rural entrepreneurs, especially women:

- Prime Minister's Employment Generation Programme (PMEGP) – Provides loans and subsidies for setting up micro-enterprises
- Honey Mission – Promotes beekeeping as a sustainable livelihood
- Leather Industry Scheme – Supports artisan clusters in producing quality leather goods
- Khadi Gramodyog Scheme – Promotes khadi production through local cooperative societies
- Skill Development Programs – Train artisans and rural youth in production techniques, design and marketing

Role in Women Empowerment

KVIC focuses on women entrepreneurship, as women form a significant portion of the workforce in khadi and village industries.

KVIC contributes to women's empowerment by:

- Providing employment in rural industries like tailoring, food processing and handicrafts
- Organizing training programs specifically for women in production, management and marketing
- Facilitating financial assistance through special loan schemes targeted at women
- Encouraging women to participate in trade fairs and exhibitions, enhancing their business exposure

Impact of KVIC

The impact of KVIC is visible in multiple ways:

Employment Generation: Millions of rural youth and women find sustainable jobs

Promotion of Self-Reliance: Encourages local production and entrepreneurship, reducing dependency on external employment

Preservation of Traditional Skills: Safeguards India's cultural and craft heritage

Economic Development: Contributes to income generation, poverty alleviation and rural industrialization

Women Empowerment: Provides financial independence, skill development and leadership opportunities for women in rural areas.

Conclusion:

KVIC plays a pivotal role in promoting rural entrepreneurship, employment and women empowerment. By combining skill development, financial support, marketing and R&D, KVIC preserves India's traditional crafts while modernizing them for contemporary markets. Its initiatives contribute to socio-economic development and sustainable livelihoods in rural India.



Fig. 19.3: KVIC (Khadi and Village Industries Commission)

19.5 TCUC (Tamil Nadu Corporation for Development of Women)

The Tamil Nadu Corporation for Development of Women (TCUC) is a state-level organization established by the Government of Tamil Nadu to empower women socially, economically and politically. TCUC functions under the Department of Rural Development and Panchayat Raj and aims to support women in achieving self-reliance through entrepreneurship, skill development and leadership opportunities. The corporation focuses on promoting women's participation in income-generating activities, improving livelihoods and enhancing their status in society.

Objectives

The main objectives of TCUC are:

- To empower women economically by supporting entrepreneurship and self-employment
- To provide training and skill development programs for women in rural and urban areas
- To facilitate access to credit, subsidies and other financial assistance for women entrepreneurs
- To promote leadership, networking and decision-making abilities among women
- To improve the socio-economic status of women through sustainable livelihood initiatives

Functions and Activities

TCUC performs several functions to achieve its objectives:

a) Promotion of Women Entrepreneurship

TCUC encourages women to start micro and small enterprises in sectors such as tailoring, handicrafts, food processing, dairy, poultry and small-scale retail. It provides guidance in project selection, business planning and marketing strategies.

b) Training and Capacity Building

TCUC organizes training programs, workshops and seminars to improve technical skills, financial literacy, production efficiency and managerial capabilities of women. Training is provided in collaboration with government agencies, NGOs and financial institutions.

c) Financial Assistance

TCUC acts as a bridge between women entrepreneurs and financial institutions, helping them secure loans, subsidies and grants. It supports women in preparing project proposals and loan applications.

d) Networking and Leadership Development

TCUC organizes events, conferences and forums to enable women to network, share experiences and develop leadership qualities. These platforms also help in promoting collaboration and building business partnerships.

e) Monitoring and Support

TCUC monitors the progress of women-led enterprises and provides ongoing technical, managerial and marketing support. The corporation ensures that projects are sustainable and profitable over time.

Schemes and Programs**Some of the notable schemes and programs implemented by TCUC include:**

Self-Employment Schemes – Assists women in setting up small businesses with financial and technical support

Skill Development Programs – Provides vocational and technical training tailored to women's needs

Microcredit Support – Facilitates low-interest loans and grants for women entrepreneurs

Leadership and Networking Initiatives – Programs designed to enhance confidence, decision-making and leadership among women

Market Access and Promotion – Organizes exhibitions, fairs and trade events for women to showcase and sell their products.

Role in Women Empowerment

TCUC plays a vital role in empowering women by:

- Encouraging women to become self-reliant through entrepreneurship
- Providing financial independence and increasing access to credit

- Building confidence, leadership and managerial skills
- Facilitating participation in economic, social and community activities
- Improving the overall socio-economic status of women in Tamil Nadu

Impact of TCUC

The impact of TCUC can be seen in several areas:

Economic Empowerment: Thousands of women have started small businesses and generate sustainable incomes

Skill Development: Women acquire new skills, technical knowledge and managerial abilities

Social Empowerment: Women gain confidence and participate more actively in community and family decisions

Networking and Collaboration: Women entrepreneurs form networks that promote peer learning and business growth

Conclusion:

The Tamil Nadu Corporation for Development of Women (TCUC) is a key institution in promoting women entrepreneurship and empowerment. By providing financial support, training, leadership development and networking opportunities, TCUC enables women to achieve self-reliance, enhance their socio-economic status and contribute to regional development. Its programs serve as a model for effective women-focused development initiatives at the state level.



Fig. 19.4: TCUC (Tamil Nadu Corporation for Development of Women)

19.6 Commercial Banks

Commercial banks are formal financial institutions that mobilize savings from the public and channel them into productive uses, playing a pivotal role in the economic development of a country. They provide a wide range of financial services such as deposits, loans, credit

facilities, investment opportunities and advisory support. In the context of entrepreneurship, commercial banks act as critical enablers, offering the capital required for starting new ventures, expanding existing businesses and adopting new technologies. They cater to all types of entrepreneurs, including small-scale, medium and women-led enterprises, ensuring financial inclusion and promoting self-employment.

Banks not only supply funds but also provide guidance in project planning, financial management and risk assessment, which helps entrepreneurs operate efficiently and sustainably. By linking with government schemes and development programs, commercial banks facilitate access to subsidies, grants and low-interest loans. Their collaboration with Self-Help Groups (SHGs) and other community-based organizations strengthens rural entrepreneurship and empowers marginalized groups. Through training programs, awareness campaigns and financial literacy initiatives, commercial banks enhance the knowledge, skills and confidence of budding entrepreneurs. Overall, commercial banks serve as a cornerstone in fostering an ecosystem that supports innovation, business growth, and socio-economic development.

Objectives of Commercial Banks in Entrepreneurship

The primary objectives of commercial banks in promoting entrepreneurship include:

- To provide financial assistance for establishing and expanding businesses
- To offer credit facilities, term loans and working capital for smooth operations
- To facilitate financial literacy and management awareness among entrepreneurs
- To encourage self-employment and rural entrepreneurship
- To support women entrepreneurs and underprivileged communities through targeted schemes

Functions and Services for Entrepreneurs

Financial Support

Commercial banks provide a variety of financial services essential for business growth:

Working Capital Loans: Short-term loans to manage day-to-day operations

Term Loans: Medium and long-term loans for purchasing machinery, infrastructure, or expanding operations

Overdraft Facilities: Temporary credit for urgent business requirements

Special Schemes: Banks offer programs for women entrepreneurs, rural businesses and start-ups under initiatives like Pradhan Mantri Mudra Yojana (PMMY)

Advisory Services

Commercial banks provide guidance to entrepreneurs in areas such as:

- Preparing project reports and business plans
- Financial management, budgeting and accounting
- Accessing government subsidies, grants and credit-linked schemes
- Risk management and effective repayment planning

Entrepreneurship Development Programs

Banks collaborate with government agencies and NGOs to conduct:

- Workshops and training programs to develop entrepreneurial skills
- Awareness campaigns on financial literacy, marketing and technology adoption
- Guidance in leveraging government schemes and incentives for start-ups

Monitoring and Support

Commercial banks ensure that financial assistance is effectively utilized by:

- Monitoring loan utilization to guarantee productive investment
- Providing consultancy to improve business efficiency and profitability
- Offering follow-up support to avoid defaults and encourage long-term sustainability

Role in Women Empowerment

Commercial banks actively support women entrepreneurship through:

- Priority loans and special interest rates for women-led ventures
- Facilitating financial inclusion through savings accounts, credit facilities and microfinance schemes
- Collaborating with Self-Help Groups (SHGs) to provide group loans and collective financial management
- Supporting skill development and leadership training for women to run businesses independently
- Encouraging participation in trade fairs, exhibitions and networking programs to expand market access

Impact on Entrepreneurship

Commercial banks contribute significantly to entrepreneurship development:

- **Access to Capital:** Enables the establishment and expansion of businesses
- **Promotion of Self-Employment:** Supports individuals in starting ventures, reducing unemployment
- **Business Growth and Sustainability:** Assists in scaling operations, improving productivity and adopting modern technology
- **Skill Development and Financial Awareness:** Enhances entrepreneurial capabilities through advisory services and training
- **Women and Rural Empowerment:** Strengthens socio-economic conditions of marginalized communities by providing financial resources and guidance

Conclusion

Commercial banks serve as a backbone for entrepreneurship development in India. Through financial assistance, advisory support, training programs and monitoring, they enable entrepreneurs to start and grow their businesses efficiently. Collaboration with government

schemes, SHGs and women-focused programs ensures inclusive development, financial literacy and empowerment. By fostering self-employment, enhancing productivity and promoting sustainable business practices, commercial banks contribute significantly to socio-economic growth and national development. Their role is crucial in creating a supportive ecosystem where innovation, entrepreneurship and economic prosperity can flourish.



Fig. 19.5: Commercial Banks

19.7 Self-Help Groups (SHGs)

Self-Help Groups (SHGs) are small, voluntary associations of 10-20 people, usually women, who come together to address common financial and social needs. SHGs were introduced in India in the 1980s and 1990s, primarily as a means to empower women and rural communities through collective savings, credit and capacity building. They operate on the principle of mutual trust, self-discipline and peer support, encouraging members to save regularly, provide loans to each other and undertake income-generating activities. SHGs bridge the gap between formal financial institutions and rural populations, particularly women, by facilitating microfinance, skill development and entrepreneurial opportunities. These groups are often linked with commercial banks through the Bank Linkage Program, enabling access to formal credit for small-scale enterprises. SHGs not only promote financial inclusion but also strengthen social networks, improve leadership skills and encourage community participation. They play a vital role in women empowerment, poverty alleviation and rural entrepreneurship.

Objectives of SHGs

The main objectives of Self-Help Groups are:

- To encourage regular savings and thrift among members
- To provide access to microcredit for income-generating activities
- To promote entrepreneurship and self-employment
- To empower women socially, economically and psychologically
- To foster financial discipline, mutual support and collective decision-making

Functions and Activities

Savings and Credit

Members of SHGs contribute a fixed amount of savings regularly, forming a corpus for lending. This pool of funds is used to provide microloans to members for:

- Starting small businesses such as tailoring, food processing, handicrafts, or dairy farming
- Meeting household emergencies or educational needs
- Expanding existing income-generating activities

Capacity Building

SHGs focus on skill development and training which includes:

- Financial literacy and record-keeping
- Leadership and decision-making skills
- Production, marketing and business management
- Training in modern technologies and quality improvement
- These programs enable members to manage their enterprises efficiently and increase profitability.

Social Development

SHGs also work towards community development and social cohesion:

- Encouraging health awareness, sanitation and hygiene
- Promoting education for children
- Supporting women's rights and participation in local governance
- Resolving social issues collectively within the group

Bank Linkage and Financial Inclusion

SHGs are linked with commercial banks under the Bank Linkage Program:

- SHGs open group accounts in banks to deposit savings
- Banks provide credit support at lower interest rates
- SHGs ensure accountability, transparency and timely repayment
- This linkage strengthens rural entrepreneurship and builds confidence in formal banking

Entrepreneurship Promotion

SHGs actively promote entrepreneurship among members by:

- Identifying viable business opportunities in local markets
- Facilitating access to loans and grants for micro-enterprises
- Organizing market linkages, exhibitions and trade fairs
- Encouraging innovation and group-based business ventures

Role in Women Empowerment

SHGs have a significant impact on women empowerment:

Financial Independence: Women gain control over resources through savings and microloans

Skill Development: Training in production, marketing and management builds competence

Leadership and Decision-Making: Women take active roles as group leaders, fostering confidence

Social Recognition: Participation in SHGs improves status in families and communities

Entrepreneurial Growth: Women start micro-enterprises, generate income and contribute to family welfare

Impact of SHGs

The impact of SHGs can be summarized as follows:

Poverty Alleviation: Increased income through micro-enterprises improves living standards

Employment Generation: Self-employment opportunities reduce dependence on wage labor

Social Empowerment: Encourages women to participate in governance and community decision-making

Financial Literacy: Members develop savings habits, budgeting skills and credit management

Sustainable Entrepreneurship: Collective decision-making, peer support and training improve business success rates

Examples of Successful SHGs

Kudumbashree in Kerala: A state-wide network of women SHGs promoting rural enterprises

National Rural Livelihood Mission (NRLM): Implements SHG-based programs across India

Women's SHGs in Tamil Nadu and Andhra Pradesh: Engage in tailoring, food processing, handicrafts and dairy production

These examples demonstrate how SHGs can successfully empower women, generate employment and promote entrepreneurship.

Conclusion:

Self-Help Groups are powerful instruments for rural development, women empowerment and entrepreneurship promotion. By combining savings, microcredit, training and peer support, SHGs enable members, particularly women, to gain financial independence, develop entrepreneurial skills and improve socio-economic conditions. Their linkages with commercial banks and government programs enhance access to formal credit, strengthen business opportunities and foster sustainable livelihoods. SHGs continue to be a cornerstone of inclusive development, rural prosperity and social empowerment in India.



Fig. 19.6: Self-Help Groups (SHGs)

19.8 SUMMARY

The lesson on Self-Help Groups (SHGs) highlights the collaborative efforts of various organizations and institutions in empowering rural communities across India. The **Navodaya Grama Vikasa Charitable Trust (NAYE)**, established in 2004, has formed over 39,000 SHGs, benefiting approximately 392,000 members, with a focus on women's participation and holistic rural development. The **National Productivity Council (NPC)**, founded in 1958, is an autonomous body under the Ministry of Commerce & Industry.

It promotes productivity culture in India through training, consultancy and research services indirectly benefiting SHGs by enhancing their operational efficiency. The **Khadi and Village Industries Commission (KVIC)** supports SHGs by providing training, financial assistance and marketing support for the production and sale of khadi and village industry products. The **Tribal Co-operative Marketing Development Federation of India (TRIFED)**, under the Ministry of Tribal Affairs, empowers tribal communities by facilitating the marketing of their products, providing skill development and implementing initiatives like the Van Dhan Yojana to enhance income through value addition of forest products.

Commercial banks play a pivotal role in the SHG-Bank Linkage Programme, providing financial services to SHGs, thereby enhancing their access to credit and promoting financial inclusion. Collectively, these organizations contribute to the empowerment and financial inclusion of SHGs, fostering sustainable rural development.

19.9 TECHNICAL TERMS:

SHG-Bank Linkage Programme, NABARD, Bank Sakhis, Financial Literacy Community Resource Persons (FLCRPs), Microfinance Institutions (MFIs)

19.10 SELF ASSESSMENT QUESTIONS:

- What is the primary objective of the SHG-Bank Linkage Programme initiated by NABARD in 1992?

- How do organizations like NAYE contribute to the empowerment of rural communities?
- In what ways does the National Productivity Council (NPC) support the functioning of SHGs?
- What role does the Khadi and Village Industries Commission (KVIC) play in the development of SHGs?
- How do commercial banks facilitate the growth of SHGs under the SHG-Bank Linkage Programme?

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Dr. Santhi Sri, K.V.

LESSON-20

EMPOWERING WOMEN ENTREPRENEURS: LEADERSHIP DEVELOPMENT AND NETWORKING OPPORTUNITIES

20.0. OBJECTIVES:

After going through this lesson, students will understand

- The significance of leadership development for empowering women entrepreneurs
- Methods for successful networking to enhance entrepreneurial opportunities
- The impact of mentorship on advancing women's business ventures
- Approaches to cultivating confidence and resilience in leadership positions
- Ways to develop and utilize professional networks to support women entrepreneurs

STRUCTURE:

20.1 INTRODUCTION

20.2 LEADERSHIP DEVELOPMENT FOR WOMEN ENTREPRENEURS

20.3 NETWORKING FOR ENTREPRENEURS

20.4 EFFECTIVE NETWORKING STRATEGIES FOR WOMEN ENTREPRENEURS

20.5 SUMMARY

20.6 TECHNICAL TERMS

20.7 SELF ASSESSMENT QUESTIONS

20.8 REFERENCE BOOKS

20.1 INTRODUCTION

Empowering women entrepreneurs has become a critical aspect of economic growth, social development and gender equality. In many parts of India and across the world, women face barriers such as limited access to finance, lack of technical and managerial skills, social norms and restricted networking opportunities. Addressing these challenges requires targeted interventions that not only provide financial and skill support but also foster leadership and professional connections. Leadership development enables women entrepreneurs to make strategic decisions, manage resources efficiently and inspire teams, while networking provides access to markets, mentors, investors and peers who can offer guidance and collaboration opportunities. Programs focusing on women's empowerment aim to enhance

confidence, decision-making capacity and resilience, allowing women to participate actively in business, community development and economic decision-making. By promoting leadership skills and creating platforms for networking, societies can harness the potential of women entrepreneurs to drive innovation, create employment and contribute to sustainable development. Empowering women through leadership and networking not only strengthens their businesses but also transforms social structures by fostering independence, visibility and recognition in traditionally male-dominated sectors.

20.2 LEADERSHIP DEVELOPMENT FOR WOMEN ENTREPRENEURS

Leadership is a defining factor in the success of any entrepreneur. For women, developing leadership skills is especially critical because they often encounter social, cultural and financial barriers that limit their access to resources and decision-making power. Leadership development equips women entrepreneurs with the ability to make strategic decisions, manage operations efficiently and lead teams effectively, while also fostering resilience and adaptability in uncertain business environments.

Modern leadership programs emphasize self-awareness, vision creation and ethical decision-making, enabling women to balance business goals with social responsibilities. Leadership development also builds skills in communication, negotiation, conflict management and team motivation, which are essential for sustaining and growing enterprises. Women leaders who are confident, well-trained and networked not only succeed individually but also inspire other women to pursue entrepreneurship, creating a multiplier effect in communities.

Moreover, leadership development for women entrepreneurs goes beyond business growth-it contributes to financial independence, social recognition and empowerment, allowing women to participate actively in economic and community development. Programs are designed to create future-ready leaders who can innovate, mentor others and navigate complex markets while upholding ethical and inclusive business practices.

Objectives of Leadership Development

Leadership development programs for women entrepreneurs aim to:

- Enhance strategic thinking and problem-solving capabilities for business growth
- Build confidence, self-reliance and decision-making skills
- Develop effective communication, negotiation and interpersonal skills
- Strengthen abilities in team management, delegation and motivation

- Prepare women to take leadership roles in entrepreneurial networks, organizations and communities

Core Areas of Leadership Development

1. Self-Awareness and Personal Growth

Women entrepreneurs are guided to:

- Identify their strengths, weaknesses and areas for development
- Reflect on personal and professional goals for long-term success
- Build emotional intelligence and resilience, crucial for navigating business challenges

2. Vision and Strategic Thinking

Effective leadership requires:

- Creating a clear business vision and roadmap
- Evaluating market opportunities, risks and competition
- Making informed and forward-looking business decisions

3. Communication and Negotiation Skills

Leadership programs focus on:

- Enhancing verbal and non-verbal communication skills
- Learning negotiation strategies for contracts, funding and partnerships
- Building credibility and influence with stakeholders

4. Team Management and Motivation

Leadership development ensures women can:

- Recruit, train and retain productive teams
- Delegate responsibilities effectively while fostering accountability
- Resolve conflicts and cultivate collaborative work environments

5. Mentorship, Coaching and Role Models

Women gain support through:

- Mentorship from experienced entrepreneurs and industry leaders
- Peer learning and collaborative problem-solving
- Exposure to successful women leaders as role models, inspiring confidence and ambition

Programs and Interventions

Various initiatives support leadership development:

- Entrepreneurship Development Programs (EDPs) by government agencies and NGOs
- Workshops on business strategy, leadership and financial management
- Incubators and accelerators offering structured mentorship, networking and resources
- Online courses, webinars and virtual mentoring platforms
- Industry-specific leadership forums to foster exchange of knowledge and collaboration
- Practical exercises, case studies and group discussions are included in these programs to enhance decision-making, problem-solving and strategic thinking in real-world scenarios.

Benefits and Impact

Leadership development creates measurable impact:

- Enhanced confidence and autonomy, enabling women to take bold business decisions
- Improved business performance through better planning, resource management and team leadership
- Expanded networks and mentorship opportunities, opening new markets and collaborations
- Community and social influence, empowering women to act as leaders and change-makers
- Multiplier effect, inspiring other women to pursue entrepreneurship and leadership

Conclusion

Leadership development for women entrepreneurs is essential for both personal and business growth. By cultivating self-awareness, strategic thinking, effective communication and team management skills, women can navigate challenges, seize opportunities and lead sustainable enterprises. Programs that combine mentorship, practical learning and networking equip women to not only succeed in business but also contribute to societal transformation, gender equality and inclusive economic development. Strong women leaders create a ripple effect, empowering other women and building resilient, innovative and socially responsible entrepreneurial communities.

20.3 NETWORKING FOR ENTREPRENEURS

Entrepreneurship is as much about connections as it is about ideas. For women entrepreneurs, having access to the right networks can transform a small venture into a sustainable business. Networking provides a platform to exchange ideas, seek advice, identify opportunities and collaborate with like-minded individuals. It is particularly important for women because they often face social, cultural and professional barriers that limit access to traditional business channels. By connecting with peers, mentors, industry professionals and support organizations, women entrepreneurs can navigate challenges more effectively and expand their reach.

Networking is not limited to formal meetings or business events. It includes informal interactions, online communities, mentorship circles and participation in local or global forums. The goal is to build meaningful relationships that facilitate growth, learning and support in the entrepreneurial journey.

Key Networking Avenues

Peer Circles: Small groups of women entrepreneurs who meet regularly to share experiences, advice and challenges.

Mentor Connections: Linking with experienced business leaders to receive guidance, feedback and motivation.

Professional Associations: Membership in industry-specific forums, business clubs, or trade organizations offering events, workshops and exposure.

Institutional Platforms: Programs and events organized by government bodies, NGOs and organizations like KVIC, TCUC and NAYE to provide training, funding and marketing support.

Digital Communities: Online forums, social media groups and professional networking sites like LinkedIn, providing knowledge sharing and global connections.

Advantages of Networking

Access to Resources: Financial support, technical advice and market information.

Opportunities for Growth: Exposure to potential clients, collaborators and partners.

Skill Development: Learning from experienced entrepreneurs and industry experts.

Confidence and Visibility: Building presence and recognition in business and community circles.

Collaborative Projects: Joint ventures, partnerships and group enterprises that enable shared success.

Making Networking Effective

To gain the most from networking, women entrepreneurs should:

- Participate actively in events, workshops and seminars.
- Identify mentors and maintain continuous engagement for guidance.
- Build relationships based on trust and mutual benefit.
- Use online tools strategically to expand professional connections.
- Share experiences and resources to strengthen the network collectively.
- Networking is most valuable when it goes beyond transactional interactions to build supportive, long-term relationships that encourage growth and collaboration.

Conclusion:

For women entrepreneurs, networking is not just a tool for business expansion but also a source of empowerment, learning and recognition. Meaningful connections enable access to resources, mentorship and opportunities that would otherwise be difficult to reach. By actively engaging with peers, mentors, professional associations and online communities, women entrepreneurs can enhance their business potential, develop skills and achieve sustainable growth. Networking ultimately creates a supportive ecosystem where women can thrive both personally and professionally.

20.4 EFFECTIVE NETWORKING STRATEGIES FOR WOMEN ENTREPRENEURS

1. Attend Industry-Specific Events:

Women entrepreneurs should seek out industry-related events like conferences, expos and trade fairs. These events provide excellent opportunities to connect with potential clients, suppliers and other business owners.

2. Engage in Online Networks: For those who cannot attend physical events, online networking platforms like LinkedIn, Facebook groups and business forums are ideal spaces to build connections, share knowledge and discover opportunities.

3. Be Proactive in Networking:

Successful networking requires initiative. Women entrepreneurs should actively seek opportunities to introduce themselves, exchange business cards and follow up with contacts to maintain and build relationships.

4. Collaborate with Like-Minded Entrepreneurs:

Collaboration is an effective strategy for women entrepreneurs. Building partnerships with other businesses can lead to shared resources, co-marketing efforts and joint ventures ultimately benefiting all parties involved.

5. Join Women-Specific Networks:

Women-focused networking organizations provide a supportive environment for women entrepreneurs to build relationships, gain mentorship and access resources tailored to their needs.

20.5 SUMMARY

This lesson explores the importance of equipping women with the tools and support needed to thrive in the entrepreneurial world. It highlights how developing strong leadership skills—such as strategic thinking, effective communication, confidence and resilience—can empower women to take charge of their ventures and overcome the unique challenges they often face. These challenges may include gender discrimination, limited access to funding, societal expectations and a lack of representation in leadership roles. The lesson emphasizes that mentorship, peer support and access to professional networks are essential in helping women navigate these barriers. By connecting with experienced entrepreneurs and like-minded individuals, women can gain valuable insights, build confidence and access new opportunities for growth. Furthermore, the lesson promotes the idea of inclusive, collaborative environments that encourage innovation, knowledge-sharing and empowerment. Ultimately, it advocates for continuous support and investment in women's leadership and entrepreneurial journeys, recognizing their potential to drive economic growth, create jobs and inspire lasting change in their communities and industries.

20.6 TECHNICAL TERMS:

Entrepreneurial leadership, inclusive networking, gender equality, business mentorship, startup funding, ecosystem support.

20.7 SELF ASSESSMENT QUESTIONS:

- 1) Which leadership skills do I excel in and which areas require further development for entrepreneurial success?
- 2) To what extent do I participate in networking activities and how have they influenced my business progress?
- 3) What specific obstacles have I encountered as a woman entrepreneur and what strategies have I used to overcome them?

- 4) Do I currently have a mentor or guiding figure in my entrepreneurial journey? If not, what steps can I take to connect with one?
- 5) Am I effectively utilizing leadership development programs and support networks to enhance my business and personal growth?

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Dr. Santhi Sri, K.V.