

DEPARTMENT OF BUSINESS ADMINISTRATION
GOVERNMENT ARTS COLLEGE (AUTONOMOUS), COIMBATORE – 18

ENTREPRENEURIAL DEVELOPMENT

UNIT – I

Entrepreneurship – Concept – Characteristics, Functions - Types of Entrepreneurship – Intrapreneur - Rural entrepreneurs - Need, Problem and Development Women Entrepreneurs - Functions, Problems and Development.

UNIT – II

Entrepreneurial Environment – Factors Affecting Entrepreneurial growth - Role of entrepreneurship in Economic Development - Factors affecting Entrepreneurship growth Future growth of Entrepreneurship in India Entrepreneurial Motivation – Need – Objects – Phases – Evaluation.

UNIT III

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Text Book

1. C.B Gupta & N.P Srinivasan - Entrepreneurial Development, Sultan Chand & Sons, 1992
2. S.S Khanka - Entrepreneurial Development, S. Chand Limited, 2006

Reference Book

1. S. Choudhury - Project Management, Tata McGraw-Hill, 31st reprint, 2008
2. Dennis Lock - Project management, Gower Publishing Ltd., 2007

UNIT -1

Subject Name	Subject Code	Semester	Prepared by
ENTREPRENEURIAL DEVELOPMENT	18BBA65S	VI	Dr.R.Geetharamani, Assistant Professor

ENTREPRENEUR AND ENTREPRENEURSHIP

According to George Bernard Shaw, people fall into three categories: (i) those who make things happen. (2) Those who watch things happen, and (3) those who are left to ask what did happen. Generally, entrepreneurs fall under the first category.

EVOLUTION OF THE CONCEPT OF ENTREPRENEUR

The word 'entrepreneur' is derived from the French word entrepreneur. It means 'to undertake'. Thus, entrepreneur is the person who undertakes the risk of new enterprise. Its evolution is as follows.

- **EARLY PERIOD:** The earliest definition of the entrepreneur as a go-between is Marco Polo. He tried to establish trade route to the far East. He used to sign a contract with a venture capitalist to sell his goods. The capitalist was the risk bearer. The merchant adventurer took the role of trading. After his successful selling of goods and completing his trips, the profits were shared by the capitalist and the merchant.
- **MIDDLE AGES:** The term entrepreneur was referred to a person who was managing large projects. He was not taking any risk but was managing the projects using the resources provided. An example is the cleric who is in charge of great architectural works such as castles, public buildings, cathedrals etc.

- **17th CENTURY:** An entrepreneur was a person who entered into a contractual arrangement with the Govt. to perform a service or to supply some goods. The profit was taken (or loss was borne) by the entrepreneur.

- **18th CENTURY:** It was Richard Cantillon, French Economist, who applied the term entrepreneur to business for the first time. He is regarded by some as the founder of the term. He defined an entrepreneur as a person who buys factor services at certain prices with a view to sell them at uncertain prices in the future

- **19th CENTURY:** The entrepreneurs were not distinguished from managers. They were viewed mostly from the economic perspective. He takes risk, contributes his own initiative and skills. He plans, organizes and leads his enterprise.

- **20th CENTURY:** During the early 20th century Dewing equated the entrepreneur with business promoter and viewed the promoter as one who transformed ideas into a profitable business. It was Joseph Schumpeter who described an entrepreneur as an innovator. According to him an entrepreneur is an innovator who develops untried technology.

- **21st CENTURY:** Research Scientists live De Bone pointed out that it is not always important that an individual comes up with an entirely new idea to be called an entrepreneur, but if he is adding incremental value to the current product or service, he can rightly be called an entrepreneur.

MEANING AND DEFINITION OF ENTREPRENEUR

An entrepreneur is ordinarily called a businessman. He is a person who combines capital and labour for the purpose of production. He organizes and manages a business unit assuming the risk for profit. He is the artist of the business world.

In the words of J.B. Say, "An entrepreneur is one who brings together the factors of production and combines them into a product". He made a clear distinction between a capitalist and an entrepreneur. Capitalist is only a financier. Entrepreneur is the coordinator and organizer of a business enterprise. Joseph A Schumpeter defines an entrepreneur as "one who innovates, raises money, assembles inputs and sets the organization going with the ability to identify them and opportunities, which others are not able to fulfil such economic opportunities". He further said, "An entrepreneur is an innovator playing the role of a dynamic businessman adding material growth to economic development".

CHARACTERISTICS OF AN ENTREPRENEUR

An entrepreneur is a highly achievement oriented, enthusiastic and energetic individual. He is a business leader. He has the following characteristic:

- 1) An entrepreneur brings about change in the society. He is a catalyst of change.
- 2) Entrepreneur is action-oriented, highly motivated individual who takes risk to achieve goals.
- 3) Entrepreneur accepts responsibilities with enthusiasm and endurance.
- 4) Entrepreneur is thinker and doer, planner and worker.
- 5) Entrepreneur can foresee the future, seize market with a salesman's persuasiveness, manipulate funds with financial talent and smell error, frauds and deficiencies with an auditor's precisions.
- 6) Entrepreneur undertakes venture not for his personal gain alone but for the benefit of consumers, government and the society as well.
- 7) Entrepreneur builds new enterprises. He possesses intense level of determination and a desire to overcome hurdles and solves the problem and completes the job.
- 8) Entrepreneur finds the resources required to exploit opportunities.

- 9) Entrepreneur does extraordinary things as a function of vision, hard work, and passion. He challenges assumptions and breaks rules.
- 10) Although many people come up with great business ideas, most of them never act on their ideas.

DEFINITION OF ENTREPRENEURSHIP

In the words of Stevenson and others, "Entrepreneurship is the process of creating value by bringing together a unique package of resources to exploit an opportunity." According to A.H. Cole, "Entrepreneurship is the purposeful activities of an individual or a group of associated individuals undertaken to initiate, maintain or organize a profit oriented business unit for the production or distribution of economic goods and services".

All activities undertaken by an entrepreneur to bring a business unit into existence are collectively known as entrepreneurship. It is the process of changing ideas into commercial opportunities and creating values. In short, entrepreneurship is the process of creating a business enterprise.

NATURE AND CHARACTERISTICS OF ENTREPRENEURSHIP

Features of entrepreneurship are summarized as follows:

- 1) It is a function of innovation.
- 2) It is a function of leadership.
- 3) It is an organization building function.
- 4) It is a function of high achievement.
- 5) It involves creation and operation of an enterprise.
- 6) It is concerned with unique combinations of resources that make existing methods or products obsolete.

- 7) It is concerned with employing, managing, and developing the factors of production.
- 8) It is a process of creating value for customers by exploiting untapped opportunities.
- 9) It is a strong and positive orientation towards growth in sales, income, assets, and employment.

INNOVATION AND ENTREPRENEURSHIP

Innovation is one of the underlying dimensions of entrepreneurship. It is a key function in the entrepreneurial process. Without innovation, an entrepreneur cannot survive in the modern competitive business world. Entrepreneurship is a creative and innovative response to the environment and an ability to recognize, initiate and exploit an economic opportunity. An entrepreneur is an innovator who introduces something new in an economy.

As per the Schumpeter's view, a person becomes an entrepreneur only when he or she is engaged in innovation. Further, innovation is equal to competitive advantage. The entrepreneurs today realize the need for innovation. Innovation adds value to the product. It is only through innovation, the organizations can survive the increasing competition in the market place.

RISKS INVOLVED WITH ENTREPRENEURSHIP

Entrepreneurship involves the following types of risks.

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

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

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

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

FUNCTIONS OF AN ENTREPRENEUR

Entrepreneur is a lead player in the drama of business. According to Kilbt, an entrepreneur has to perform four groups of functions:



EXCHANGE RELATIONSHIP:

- 1) Perceiving market opportunities
- 2) Gaining command over scarce resources.
- 3) Purchasing inputs.
- 4) Marketing of the products and responding to competition.



POLITICAL ADMINISTRATION:

- 1) Dealing with public bureaucracy (concession, licences and taxes)
- 2) Managing the human relation within the firm.
- 3) Managing customer and supplier relations.



MANAGEMENT CONTROL:

- 1) Managing finance.
- 2) Managing production.



TECHNOLOGY:

- 1) Acquiring and overseeing assembly of the factory.
- 2) Industrial engineering.
- 3) Upgrading process and product quality.

4) Introducing new products.



According to Arther H. Cole, an entrepreneur performs the following functions:

- 1) Determining the objectives of the enterprise and revising the objectives in the light of changed circumstances.
- 2) Developing an organization including efficient relations with subordinates and all employees.
- 3) Securing adequate finance.
- 4) The requisition of efficient technological equipment.
- 5) Developing a market for the products and devising new products to meet customers demand.

Maintaining good relations with public authorities and with society.

TYPES OF ENTREPRENEURS

Entrepreneurs may be classified in a number of ways.

A. ON THE BASIS OF TYPE OF BUSINESS.

Entrepreneurs are classified into different types. They are

1) Business Entrepreneur: He is an individual who discovers an idea to start a business and then builds a business to give birth to his idea.

2).Trading Entrepreneur: He is an entrepreneur who undertakes trading activity i.e; buying and selling manufactured goods.

3) Industrial Entrepreneur: He is an entrepreneur who undertakes manufacturing activities.

4) Corporate Entrepreneur: He is a person who demonstrates his innovative skill in organizing and managing a corporate undertaking.

5) Agricultural Entrepreneur: They are entrepreneurs who undertake agricultural activities such as raising and marketing of crops, fertilizers and other inputs of agriculture.

They are called agripreneurs.

B. ON THE BASIS OF USE OF TECHNOLOGY: Entrepreneurs are of the following types.

1) Technical Entrepreneur: They are extremely task oriented. They are of craftsman type. They develop new and improved quality goods because of their craftsmanship. They concentrate more on production than on marketing.

2) Non-Technical Entrepreneur: These entrepreneurs are not concerned with the technical aspects of the product. They develop marketing techniques and distribution strategies to promote their business. Thus they concentrate more on marketing aspects.

3) Professional Entrepreneur: He is an entrepreneur who starts a business unit but does not carry on the business for long period. He sells out the running business and starts another venture.

C. ON THE BASIS OF MOTIVATION:

Entrepreneurs are of the following types:

1) Pure Entrepreneur: They believe in their own performance while undertaking business activities. They undertake business ventures for their personal satisfaction, status and ego. They are guided by the motive of profit. For example, Dhirubhai Ambani of Reliance Group.

2) Induced Entrepreneur: He is induced to take up an entrepreneurial activity with a view to avail some benefits from the government. These benefits are in the form of assistance, incentives, subsidies, concessions and infrastructures.

3) Motivated Entrepreneur: These entrepreneurs are motivated by the desire to make use of their technical and professional expertise and skills. They are motivated by the desire for self-fulfillment.

4) Spontaneous Entrepreneur: They are motivated by their desire for self-employment and to achieve or prove their excellence in job performance. They are natural entrepreneurs.

D. ON THE BASIS OF STAGES OF DEVELOPMENT: They may be classified into;

1) First Generation Entrepreneur: He is one who starts an industrial unit by means of his own innovative ideas and skills. He is essentially an innovator. He is also called new entrepreneur.

2) Modern Entrepreneur: He is an entrepreneur who undertakes those ventures which suit the modern marketing needs.

3) Classical Entrepreneur: He is one who develops a self supporting venture for the satisfaction of customers' needs. He is a stereo type or traditional entrepreneur.

E. CLASSIFICATION ON THE BASIS OF ENTREPRENEURIAL ACTIVITY:

They are classified as follows:

1) Novice: A novice is someone who has started his/her first entrepreneurial venture.

2) Serial Entrepreneur: A serial entrepreneur is someone who is devoted to one venture at a time but ultimately starts many. He repeatedly starts businesses and grows them to a sustainable size and then sells them off.

3) Portfolio Entrepreneurs: A portfolio entrepreneur starts and runs a number of businesses at the same time. It may be a strategy of spreading risk or it may be that the entrepreneur is simultaneously excited by a variety of opportunities.

F. CLASSIFICATION BY CLARENCE DANHOF: Clarence Danhof, On the basis of American agriculture, classified entrepreneurs in the following categories:

1) Innovative Entrepreneurs: They are generally aggressive on experimentation and cleverly put attractive possibilities into practice. An innovative entrepreneur, introduces new goods, inaugurates new methods of production, discovers new markets and reorganizes the enterprise. Innovative entrepreneurs bring about a transformation in lifestyle and are always interested in introducing innovations.

2) Adoptive Or Imitative Entrepreneurs: Imitative entrepreneurs do not innovate the

changes themselves, they only imitate techniques and technology innovated by others. They copy and learn from the innovating entrepreneurs. While innovating entrepreneurs are creative, imitative entrepreneurs are adoptive.

3) Fabian Entrepreneurs: These entrepreneurs are traditionally bounded. They would be cautious. They neither introduce new changes nor adopt new methods innovated by others entrepreneurs. They are shy and lazy. They try to follow the footsteps of their predecessors. They follow old customs, traditions, sentiments etc. They take up new projects only when it is necessary to do so.

4) Drone Entrepreneurs: Drone entrepreneurs are those who refuse to adopt and use opportunities to make changes in production. They would not change the method of production already introduced. They follow the traditional method of production. They may even suffer losses but they are not ready to make changes in their existing production methods.

There is another classification of entrepreneurs. According to this, entrepreneurs may be broadly classified into commercial entrepreneurs and social entrepreneurs.

Commercial Entrepreneurs: They are those entrepreneurs who start business enterprises for their personal gain. They undertake business ventures for the purpose of generating sales and profits. Most of the entrepreneurs belong to this category.

Social Entrepreneurs: They are those who identify, evaluate and exploit opportunities that create social values and not personal wealth. Social values refer to the basic long standing needs of society. They focus on the disadvantaged sections of the society. They play the role of change agents in the society. In short, social entrepreneurs are those who start ventures not for making profits but for providing social welfare.

INTRAPRENEURS

The term intrapreneur was coined in USA in the late seventies. Many senior

executives of big companies in America left their jobs and started small business of their own. They left the organisation because they did not get any opportunity to apply their own ideas and innovative ability. These entrepreneurs become successful in their own ventures. Some of them caused a threat to the corporations they left. This type of entrepreneurs have come to be called *Intrapreneurs*. They believe strongly in their own talents. They have desire to create something of their own. They want responsibility and have a strong drive for individual expression and more freedom in their present organisational structure. When this freedom is not forthcoming, they become less productive or even leave the organisation to achieve self actualisation elsewhere.

RURAL ENTREPRENEURS:

Meaning:

Rural entrepreneurs are those who carry out entrepreneurial activities by establishing industrial and business units in the rural sector of the economy. In other words, establishing industrial and business units in the rural areas refers to rural entrepreneurship. In simple words, rural entrepreneurship implies entrepreneurship emerging in rural areas. Or, say, rural entrepreneurship implies rural industrialisation. Thus, we can say, entrepreneurship precedes industrialization.

Definition:

Rural industries and business organisations in rural areas generally associated with agriculture and allied activities to agriculture. According to KVIC (Khadi and Village Industry Commission), "village industries or Rural industry means any industry located in rural areas, population of which does not exceed 10,000 or such other figure which produces any goods or renders any services with or without use of power and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees".

The modified definition of rural industries has been given by Government of India in order to enlarge its scope. According to Government of India, "Any industry located in rural area, village or town with a population of 20,000 and below and an investment of Rs. 3 crores in plant and machinery is classified as a village industry."

TYPES OF RURAL INDUSTRIES:

All the village industries come under the following broad categories :

Agro Based Industries: like sugar industries, jaggery, oil processing from oil seeds, pickles, fruit juice, spices, diary products etc.

Forest Based Industries: like wood products, bamboo products, honey, coir industry, making eating plates from leaves.

Mineral based industry: like stone crushing, cement industries, red oxide making, wall coating powders etc.

Textile Industry: like spinning, weaving, colouring, bleaching.

Engineering and Services: like agriculture equipments, tractors and pumpsets repairs etc.

NEED OF RURAL ENTREPRENEURS:

Rural entrepreneurs play a vital role in the overall economic development of the country. The growth and development of rural industries facilitate self employment, results in wider dispersal of economic and industrial activities and helps in the maximum utilisation of locally available raw materials and labour. Following are some of the important role which rural industries play in ameliorating the socio-economic conditions of the rural people in particular and the country in general.

Proper utilisation of local resources:

Rural industries help in the proper utilisation of local resources like raw materials and labour for productive purposes and thus increases productivity. They can also mobilise rural savings which help in increase of rural funds.

Employment generation:

Rural industries create large-scale employment opportunities for the rural people. The basic problem of large-scale unemployment and underemployment of rural India can be effectively tackled through rural industrialisation.

Prevents rural exodus:

Lack of employment opportunities, heavy population pressure and poverty forced the rural people to move to urban areas for livelihood. It creates rural urban imbalance. Under these circumstances, rural industries help in reducing disparities in income between rural and urban people and acts as a potential source of gainful employment. This prevents rural people to migrate to urban areas.

Fosters economic development:

Rural industrialization fosters economic development of rural areas. This curbs rural urban migration on the one hand and also reduces disproportionate growth of towns and cities, growth of slums, social tensions and environmental pollutions etc. on the other.

Earnings of foreign exchange:

Rural industries play an important role in increasing the foreign exchange earnings of the country through export of their produce.

Producers goods of consumers' choice:

Rural industries including village and cottage industries produce goods of individual consumers' choice and taste. Jewellery, sarees, artistic products are produced to cater to the needs of different consumers according to their taste, design and choice.

Entrepreneurial development:

Rural industries promote entrepreneurial development in the rural sector. It encourages young and promising entrepreneurs to develop and carry out entrepreneurial activities in the rural sector which finally facilitate the development of the rural areas.

PROBLEM OF RURAL ENTREPRENEURSHIP

Entrepreneurs are playing very important role in the development of economy. They face various problems in day to day work. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs are as under.

Financial Problems

Paucity of Funds: Most of the rural entrepreneurs fail to get external funds due to absence of tangible security and credit in the market. The procedure to avail the loan facility is too time-consuming that its delay often disappoints the rural entrepreneurs. Lack of finance available to rural entrepreneurs is one of the biggest problems which rural entrepreneur is born now days especially due to global recession. These all problems create a difficulty in raising money through loans. Landlords in Punjab proved to be a major source of finance for rural entrepreneurs but the rates of land are reduced due to global recession so they also lack hard cash nowadays. Major sources of finance in rural areas are loans from regional rural banks or from zamindars but their rate of interest is usually very high. The government has various institutions for this purpose but the results are not up to the level expected. Industrial Finance Corporation of India (IFCI), Industrial development bank of India, Industrial Credit and Investment Corporation of India (ICICI), Small Scale Industry development bank of India (SIDBI) are some of the national level (SFC) institutions that are helping out rural entrepreneurs. Some state level institutions are also working like a State Financial Corporation and State Industrial Development Corporation (SIDC). These institutions provide assistance for setting up of new ventures and side by side for modernization and expansion of existing ones but their terms and conditions are very strict to be handled. Various schemes like composite loan scheme, tiny unit scheme, scheme for technical entrepreneurs etc. had started but they are unable to meet the expectation of rural entrepreneur. Raising funds through equity is little bit difficult for rural entrepreneurs because of lack of financial knowledge and also their financial corpus is also low, so loans are the primary source of finance for them which proved to be a great obstacle in developing rural entrepreneurship. Various policies of RBI regarding priority sector lending failed to achieve its objectives. Micro financing movements started in India worked well. Self-help groups from the basic constituent unit of micro finance movement in India. Self-help groups are a group of a few individuals who pool their savings into a fund from which they can borrow as and when necessary.

Lack of Infrastructural Facilities: The growth of rural entrepreneurs is not very healthy in spite of efforts made by government due to lack of proper and adequate infrastructural facilities.

Risk Element: Rural entrepreneurs have less risk bearing capacity due to lack of financial resources and external support.

Marketing Problems:

Competition: Rural entrepreneurs face severe competition of large sized organizations and urban entrepreneurs. They incur the high cost of production due to high input cost. Major problems faced by marketers are the problem of standardization and competition from large scale units. They face the problem in fixing the standards and sticking to them. Competition from large scale units also creates difficulty for the survival of new ventures. New ventures have limited financial resources and hence cannot afford to spend more on sales promotion. These units are not having any standard brand name under which they can sell their products. New ventures have to come up with new advertisement strategies which the rural people can easily understand. The literacy rate among the Problems Faced by Rural Entrepreneurs and Remedies to Solve It rural consumer is very low. Printed media have limited scope in the rural context. The traditionally bounded nature, cultural backwardness and cultural barriers add to the difficulty of communication.

Middlemen: Middlemen exploit rural entrepreneurs. The rural entrepreneurs are heavily dependent on middlemen for marketing of their products who pocket large amount of profit. Storage facilities and poor mean of transport are other marketing problems in rural areas.

Management Problems:

Lack of I.T Knowledge: Information technology is not very common in rural areas. Entrepreneurs rely on internal linkages that encourage the flow of goods, services, information and ideas.

Legal formalities: Rural entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses due to illiteracy and ignorance. Lack of Technical Knowledge

Rural entrepreneurs suffer a severe problem of lack of technical knowledge. Lack of training facilities and extensive services create a hurdle for the development of rural entrepreneurship.

Poor Quality of Products: Another important problem in growth of rural entrepreneurship is the inferior quality of products produced due to lack of availability of standard tools and equipment and poor quality of raw materials.

Human Resources Problems:

Low Skill Level of Workers: Most of the entrepreneurs of rural areas are unable to find workers with high skills. Turnover rates are also high in this case. They have to be provided with on the job training and their training is generally a serious problem for the entrepreneur as they are mostly uneducated and they have to be taught in the local language which they understand easily. The industries in rural areas are not only established just to take advantage of cheap labor but also to bring about an integrated rural development. So rural entrepreneurs should not look at rural area as their market. Youths in rural areas have little options “this is what they are given to believe”.

Negative Attitude: The environment in the family, society and support system is not conducive to encourage rural people to take up entrepreneurship as a career. It may be due to lack of awareness and knowledge of entrepreneurial opportunities. The young and well educated mostly tend to leave. Continuous motivation is needed in case of rural employee which is sometime difficult for an entrepreneur to Problems.

MEASURES FOR DEVELOPING RURAL ENTREPRENEURSHIP:

The following measures are suggested for developing entrepreneurship in the rural areas in the country:

1. Raw material is a must for any industry. However, the non-availability of raw materials accompanied by their prohibitive cost has weakened the viability of these industries. Past experience bears evidence that rural industries with employment potential can not be

sustained for long unless a strong raw material-base is created in rural areas itself. Therefore, an urgent policy is called for to strengthen the raw material base in rural areas.

2. Finance is considered as lubricant for setting up and running an industry. Funds, therefore, need to be made available on time at soft terms and conditions to those who really need it.

3. In order to solve the problem of marketing for rural industries, common production-cum-marketing centers need to be set up and developed with modern infrastructural facilities, particularly, in the areas having good production and growth potential.

This would help in promoting export business, on the one hand, and bringing the buyers and sellers in close interaction avoiding the middlemen in between them, on the other. Legislative measures have to be taken to make the government purchases compulsory from rural industries.

4. One peculiarity of rural entrepreneurs is that most of them join their entrepreneurial career not by choice but by chance. Lack of aptitude and competency on the part of such entrepreneurs makes the units sick.

Hence, there is a need to develop entrepreneurial attitude and competencies among the prospective entrepreneurs through the training interventions like Entrepreneurship Development Programmes (EDP), Women Entrepreneurship Development Programmes and TRYSEM.

5. One effective way to inculcate the entrepreneurial acumen and attitude may be imparting entrepreneurial education in the schools, colleges, and universities. That younger minds are more susceptible to be molded is well evidenced by the popularly known 'Kakinada Experiments' in Andhra Pradesh.

6. Sometimes the real problem in setting up industries is not the non-availability of facilities, but non-awareness of facilities whatever is available. The need is, therefore, to disseminate

information about all what is available to provide to the entrepreneurs to facilitate them in setting up industries.

7. Proper provisions need to be made to impart the institutional training to orient the entrepreneurs in specific products and trades so that the local resources can be harnessed properly.

8. Our accumulated experience bears ample evidences to the fact that the non-governmental organizations, popularly known as NGOs, can prove instrumental in developing rural entrepreneurship in the country. The role of NGOs in developing entrepreneurship is, therefore, discussed separately.

WOMEN ENTREPRENEURS:

Women constitute about 50% of the world population. In traditional societies, they are confined to performing household activities. Hence women are generally called home makers. But today, in modern society, they have moved out of the house and are taking part in all areas of life. Today, the entrepreneurial world is open to the womenfolk. Thailand tops the list with 18.5% of women as entrepreneurs followed by India with 14.1% women entrepreneurs. Japan has the lowest rate of women entrepreneurs with just 0.6% women as entrepreneurs.

THE CONCEPT OF WOMEN ENTREPRENEURSHIP:

According to the general concept, women entrepreneur may be defined as a women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined a women entrepreneurship as “an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women”. Kerala Government defined women industrial units as units owned/ organized by women and engages in small scale and cottage industries with not less than 80% of the total workers as women. With effect from 6th Feb. 1992, the definition of ‘Women Entrepreneurs’ Enterprises is as follows: “A small scale industrial units/industrially related services or business enterprise managed by

one or more women entrepreneurs in proprietary concerns in which she/they will individually or jointly have share capital of not less than 51% as partners/ shareholders / directors of private limited company, members of co-operative society”.

FUNCTIONS OF WOMEN ENTREPRENEUR:

1. Planning

Planning is the basic managerial function of a woman entrepreneur. It helps in determining the course of action for achieving various entrepreneurial objectives like what to do when to do, how to do and who will do a particular task.

2. Organizing

Every woman entrepreneur needs personnel to look at the different aspects of the enterprise. She sets up the objectives, goals to be achieved by its personnel. The function of organizing is to arrange, guide, coordinate, direct and control the activities of other factors of production i.e. men, materials, money, and machines so as to accomplish the objectives of the enterprise.

3. Staffing:

Every woman entrepreneur has to perform the function of staffing which includes manpower planning, recruitment, selection, and training, placement of manpower, development, promotion, transfer and appraisal and determination of employee remuneration.

4. Directing

Directing is concerned with carrying out the desired plans. It initiates organized and planned activities and ensures effective performance by subordinates towards the accomplishment of group activities.

5. Leadership

A woman entrepreneur has to issue various orders, instructions and guide her subordinates in their work to improve their performance and achieve enterprise objectives. It is the ability to build up confidence and zeal among people and to create an urge in them to be a successful leader, she must possess the qualities of foresight, drive, initiative, self-confidence, and personal integrity.

6. Motivation

A woman entrepreneur has to provide some personal incentive to the subordinates to motivate, persuade and inspire them for contributing their best towards the achievement of enterprise objectives.

7. Supervision:

After giving instructions, the woman entrepreneur has to see that the given instructions are carried by subordinates at work to get the required and directed work done and to correct the subordinates whenever they go wrong.

8. Coordination

Coordination is one of the most important functions. It creates a team spirit and helps in achieving goals through collective efforts to provide unity of action in the pursuit of common objectives.

9. Controlling

Controlling is the process which enables to get its policies implemented and take corrective actions if the performance is not according to the pre-determined standards.

REASONS FOR THE SLOW GROWTH OF WOMEN ENTREPRENEURSHIP.

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

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

PROBLEMS OF WOMEN ENTREPRENEURS

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

1) Shortage of Finance: Women and small entrepreneurs always suffer from inadequate fixed and working capital. Owing to lack of confidence in women's ability, male members in the family do not like to risk their capital in ventures run by women. Banks have also taken negative attitude while lending to women entrepreneurs. Thus women entrepreneurs rely often on personal saving and loans from family and friends.

2) Shortage of Raw Material: Women entrepreneurs find it difficult to procure material and other necessary inputs. The prices of many raw materials are quite high.

3) Inadequate Marketing Facilities: Most of the women entrepreneurs depend on

intermediaries for marketing their products. It is very difficult for the women entrepreneurs to explore the market and to make their product popular. For women, market is a 'chakravyuh'.

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

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

6) Family Responsibilities: Management of family may be more complicated than the management of the business. Hence she cannot put her full involvement in the business

.Occupational backgrounds of the family and education level of husband has a direct impact on the development of women entrepreneurship.

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

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

9) Low Capacity to Bear Risks: Women lead a protected life dominated by the family members. She is not economically independent. She may not have confidence to bear the

risk alone. If she cannot bear risks, she can never be an entrepreneur.

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

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

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

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

REMEDIES TO SOLVE THE PROBLEMS OF WOMEN ENTREPRENEURS

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

1) In banks and public financial institutions, special cells may be opened for providing easy finance to women entrepreneurs. Finance may be provided at concessional rates of interest.

2) Women entrepreneurs' should be encouraged and assisted to set up co-operatives with a view to eliminate middlemen.

3) Scarce and imported raw materials may be made available to women entrepreneurs on priority basis.

4) Steps may be taken to make family members aware of the potential of girls and their due role in society.

5) Honest and sincere attempts should be undertaken by the government and social organizations to increase literacy among females.

6) In rural areas self employment opportunities should be developed for helping women.

7) Marketing facilities for the purpose of buying and selling of both raw and finished goods should be provided in easy reach.

8) Facilities for training and development must be made available to women entrepreneurs. Family members do not like women to go to distant place for training. Therefore mobile training centres should be arranged. Additional facilities like stipend, good hygienic chreches, transport facilities etc., should be offered to attract more women to training centres.

MEASURES TAKEN FOR THE DEVELOPMENT OF WOMEN ENTREPRENEURSHIP IN INDIA

Women empowerment should be one of the primary goals of a society. Women should be given equality, right of decision-making and entitlements in terms of dignity. They should attain economic independence. The most important step to achieve women empowerment is to create awareness among women themselves. Development of women can be achieved through health, education and economic independence. Realizing the importance of women entrepreneurs, Govt. of India has taken a number of measures to assist them. Some of the important measures are outlined as follows:

1) TRYSEM: Training of Rural Youth For Self Employment was launched on 15th August 1979 which is still continuing. The objective of TRYSEM is to provide technical skills to rural youth between 18 and 35 years of age from families below the poverty line to enable

them to take up self employment in agriculture and allied activities, industries, services and business activities. This is a sub scheme of IRDP. Training given through ITIs, Polytechnics, Krishi Vigyan Kendra, Nehru Yuva Kendras etc has helped many rural women set up their own micro enterprises with IRDP assistance.

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

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

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

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

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

- (a) Getting better access to capital, infrastructure and markets.
- (b) Identifying investment opportunities.
- (c) Developing managerial and productive capabilities.
- (d) Attending to problems by taking up individual cases with appropriate authorities.
- (e) Sponsoring participation in trade fairs, exhibitions, special conference etc.

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

ASSISTANCE TO WOMEN ENTREPRENEURS

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



SMALL INDUSTRIAL DEVELOPMENT ORGANISATION (SIDO) : SIDO through a

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



NATIONAL SMALL INDUSTRIES CORPORATION (NSIC) : The H.P. scheme of

NSIC provides preferential treatment to women entrepreneurs. It also conducts Entrepreneurs and Enterprise Building programmes for women.



INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI) : The schemes of IDBI for

women entrepreneurs are summarized as follows:

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



SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI): SIDBI has

special schemes for financial assistance to women entrepreneurs. It provides training

and extension services. It gives financial assistance at concessional terms in setting up tiny and small units.



COMMERCIAL BANKS: The *“Sthree Shakthi Package Scheme”* of SBI provides a package of assistance to women entrepreneurs. The consultancy wings of SBI give guidance on project identification and project viability. The program of assistance such as repair and servicing, photo copying, dry cleaning, retail trade business enterprises, poultry farming, tailoring etc. The Bank Of India has introduced a scheme known as ‘ Priyadarshini Yojana’ to help women entrepreneurs.



KUDUMBASREE UNITS: With the objectives of poverty eradication and women empowerment Kudumbasree has been introduced in Kerala. The poor women are organised into community- based organisations. They start and operate micro enterprise. They earn income through self-employment.