



Unit:1

ENTRAPRENUERSHIP PERCEPTIVE

MEANING OF ENTRAPTENSHIP

An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. 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 bringing good new ideas to market. Entrepreneurship that proves to be successful in taking on the risks of creating a startup is rewarded with profits, fame, and continued growth opportunities. Entrepreneurship that fails results in losses and less prevalence in the markets for those involved.

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.

What Is Entrepreneurship

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.

Meaning of 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 innovators, 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 makes is with a combination of land, natural resources, labour and capital.

In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

What are the 4 Types of Entrepreneurship?

It is classified into the following types:

Small Business Entrepreneurship

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Scalable Startup Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined life-cycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.



Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

- 1.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, which is an essential part of being an entrepreneur.
- 2.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 in a more efficient and economical way.
- 3.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 leaders impart and guide their employees towards the right path of success.
- 4.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.
- 5.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.
- 6Know your Product-A company owner should know the product offerings and also be aware of 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 whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.



“Entrepreneurship is any kind of innovative function that could have a bearing on the welfare of an entrepreneur.”-Joseph A. Schumpeter (1934)

.Schumpeter recognizes entrepreneurship as a rewarding activity that involves any form of innovation. Innovation is doing things in a new and better way. It adds utility to existing operations or products.

“Entrepreneurship is that form of social decision making performed by economic innovators.” - Robert K. Lamb (1952).

Lamb describes entrepreneurship as an act of economic activity engaged in innovation. He also points out the social orientation of entrepreneurship as it is involved with social good and welfare.

“Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.” – A.H.Cole (1959).

EVOLUTION OF ENTREPRENEURSHIP;

In the Earliest period, definition of entrepreneurship began as early as the Marco Polo who comes to the Middle East for trade. Marco Polo has signed an agreement with the capitalists to sell their products. In the contract merchant adventurer took a loan at 22.5% rate including insurance. Capitalist was the passive risk bearer and merchant adventurer took the active role in trading, bearing all physical and emotional risks. When the merchant adventurer successfully sold the goods and completed the trip, the profits were divided with the capitalist taking most of them up to 75%, while the merchant adventurer settled for the remaining 25%.

In middle ages, Entrepreneur is described as someone who is involved in the care and control of a large production projects. It is possible to control the project using the resources provided by the government. In this case, the entrepreneur does not bear any risk.

Entrepreneurs in this age, have control and authority of construction works such as public buildings and churches. A typical entrepreneur in the middle age was the priest.



17th century, the evolution of entrepreneurship can be related with the relationship between risk and entrepreneurs. Entrepreneurship is the person who signed the contract agreement with the government to provide a service or supply products that have been determined. The contract price is fixed. Then, the entrepreneurs are fully responsible for the gains and losses of the business. John Law, a Frenchman was one of the entrepreneurs in that period. The founder of the royal bank of France and the Mississippi Company, which had an exclusive franchise to trade between France and the new world. Monopoly on French trade eventually led to collapse of the company. Richard Cantillon, an economist defines entrepreneurs earlier. In his view, the entrepreneur is risk insurers. Merchants, farmers, craftsmen, and so is an entrepreneurs. They buy things at a certain price and sell it at a price that is uncertain, with the risks

. In the 18th century, the person with capital was differentiated from the one who needed capital. The entrepreneur was distinguished from the capital provider. One reason for this differentiation was the industrialization occurring throughout the world. Eli Whitney was an American inventor best known for inventing the cotton gin. This was one of the key inventions of the industrial Revolution. Thomas Edison, the inventor of many inventions. He was developing new technologies and was unable to finance his inventions himself. Edison was a capital user or an entrepreneur, not a provider or a venture capitalist.

In 19th and 20th century, Entrepreneurs are not always associated with the management. According to Merriam-Webster's online dictionary, an entrepreneur is one who organizes, manages, and assumes the risk of a business or an enterprise. The entrepreneur organizes and manages an enterprise for personal gain. The materials consumed in the business, for the use of the land, for the services he employs, and for the capital he requires. Andrew Carnegie is one of the best examples of this definition. Carnegie, who descended from a poor Scottish family, made the American Steel Industry one of the wonders of the industrial world.

In the middle of the 20th Century, the function of the entrepreneurs is to recreate or revolutionize the pattern of production by introducing an invention. Innovation, the act of introducing some new ideas, is one of the most difficult tasks for the entrepreneur. For example, Edward Harriman, who reorganized the railroad in the United States and John Morgan, who developed his large banking house by reorganizing and financing the nation's industries. Besides, the Egyptian who designed and built great pyramids out of stone blocks weighing many tons each, to laser beams, supersonic planes and space stations.



In 21st century, Entrepreneurs are known as a hero for Free Enterprise market. Entrepreneur of the century created many products and services and is willing to face a lot of risks in the business. According to Kuratko & Hodgetts, most people say entrepreneurs are pioneers in creating new businesses. In the year 2005 Hisrich, Peter and Shepherd regarded entrepreneur as an organizer who controls, systematize, purchases raw materials, arranges infrastructure, throw in his own inventiveness, expertise, plans and administers the venture.

The Future of entrepreneurship will be growth with development of technologies. The modern technologies and internet have improved the ways of conduct business. Entrepreneurs now have the luxury of putting their business idea into action through the click of button.

FACTORS INFLUNCE ON ENTRAPRENUERSHIP

1.Creativity and Accumulation of Ideas

Do not be dissuaded by the challenge to be creative. You need not be the original wheel creator to improve upon a stone cylinder. By standing on the shoulders of giants, you can take existing ideas and make small improvements upon them. Your best ideas may come to you as you are falling asleep or while you are taking a shower. Recognize when you have a fresh idea and do not let them get away from you. Write them down! Not every idea has to be a home run. By accumulating your ideas, you will be able to distill the great ones from the rest and be ready to run with the best.

2.Risk Tolerance and Taking Advantage of Opportunity

Rewards rarely come without risk. Your ability to take advantage of an opportunity will depend, in part, on your tolerance for risk. As the founder of a start-up, investors will expect you to have a vested interest in your business. If you will not bet on your idea, why should anybody else?

3.If you cannot afford the risk, financially or emotionally, then you might make decisions that are too tepid to be successful. To do well, an entrepreneur needs the strong sense of self-efficacy to believe the risk will be surmountable.



4.Responsiveness to Opportunity

Opportunity can leave quickly. With the internet, the spread of information and ideas has led to deeper, faster competition to be the first mover. The ability to respond to the market and new business opportunities can be the difference between a successful entrepreneur and a failed business model.

To be responsive, an entrepreneur must have the flexibility of mind and resources necessary to see and take advantage of new and upcoming possibilities. Learning from your mistakes and those of others to implement change can keep businesses afloat. Calcifying rigidity, on the other hand, can turn a start-up into dust.

5.Leadership and Inspiring Others

It is up to the entrepreneur to marshal assets. Leaders are challenged with taking possibilities and turning them into inspiring visions for others. You will inevitably have to sell either your idea or your product to begin your entrepreneurship. It will be up to the entrepreneur to take the idea and turn it into actions and products to capitalize on the opportunity. Leadership can come in many forms, but it is nevertheless essential to entrepreneurship. You must take the lead for your ideas to come to fruition.

6.Intellectual Property Rights

Intellectual property laws can provide you with exclusive business rights to your ideas. If you do not protect your ideas, they may be copied – cheaply. Once an idea is in the public domain, it may no longer be possible to use that idea as a competitive advantage. Society values ideas being shared.

In exchange for sharing ideas, governments provide limited monopolies that will allow you to capitalize on them for a period, making up in part for the costs you have incurred in research and development. Intellectual property professionals can aid you in seeking such rights.



FUNCTIONS OF ENTRAPREUNERSHIP

Function # 1. Decision Making:

The primary task of an entrepreneur is to decide the policy of production. An entrepreneur is to determine what to produce, how much to produce, how to produce, where to produce, how to sell and' so forth. Moreover, he is to decide the scale of production and the proportion in which he combines the different factors he employs. In brief, he is to make vital business decisions relating to the purchase of productive factors and to the sale of the finished goods or services.

Function # 2. Management Control:

Earlier writers used to consider the manage-ment control one of the chief functions of the entrepreneur. Management and control of the business are conducted by the entrepreneur himself. So, the latter must possess a high degree of management ability to select the right type of persons to work with him. But, the importance of this function has declined, as business nowadays is managed more and more by paid man-agers.

Function # 3. Division of Income:

The next major function of the entrepreneur is to make necessary arrangement for the division of total income among the different factors of production employed by him. Even if there is a loss in the business, he is to pay rent, interest, wages and other contractual incomes out of the realised sale proceeds.

Function # 4. Risk-Taking and Uncertainty-Bearing:

Risk-taking is perhaps the most important function of an entrepreneur. Modern production is very risky as an entrepreneur is required to produce goods or services in antici-pation of their future demand.

Broadly, there are two kinds of risk which he has to face. Firstly, there are some risks, such as risks of fire, loss of goods in transit, theft, etc., which can be insured against. These are known as measurable and insurable risks. Secondly, some risks, however, cannot be insured against because their probability cannot be calculated accurately. These constitute what is called uncertainty (e.g., competitive risk, technical risk, etc.). The entrepreneur undertakes both these risks in production.



Function # 5. Innovation:

Another distinguishing function of the entrepreneur, as emphasised by Schumpeter, is to make frequent inventions — invention of new products, new techniques and discovering new markets — to improve his competitive position, and to increase earnings.

QUALITIES OF ENTRAPREUNSHIP

1. Disciplined

Successful entrepreneurs are focused on making their businesses work. They eliminate all hindrances and distractions to their goals and outline tactics to accomplish them. They focus on the day-to-day operations of their business without disregarding their long-term goals. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their goals and objectives.

2. Confident

One quality of a successful entrepreneur that people quickly notice is their confidence. Entrepreneurs don't ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3. Open Minded

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They are constantly looking for new ways to improve the current systems and processes. Entrepreneurs have an uncanny ability to envision a product that will solve a problem, even though it may not currently seem possible. They have the ability to look at everything around them and focus it toward their goals.

4. Self-starter

Self-starters tend to be more successful because of their innate ability to manage their time and control their performance. If something needs to be done, entrepreneurs know they should start it themselves. They set project parameters and are proactive, not waiting for someone to



give them permission. Entrepreneurs look for solutions, like Inc and Go, to make starting their business less complicated and other processes that can reduce complications in the workplace.

5. Competitive

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success. To excel in business, entrepreneurs have the ability to explore all of their options and remain aggressive in pursuing their goals. They are willing to accept any challenges that may come their way in order to excel even more.

6. Creative

A successful entrepreneur is creative and always looks at the big picture. Their creativity and vision often lead to the invention and discovery of new things. These traits require an entrepreneur to take their ideas and dreams into a physical form. One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries. They must also be willing to step outside their comfort zone in order for their ideas to come to fruition. Sometimes these inventions result in new technologies and advancements that can create breakthroughs in industries.

7. Determined

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavors succeed, so they will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done. Therefore, one quality of a successful entrepreneur is determination. They possess the determination to persevere through all of the ups and downs of business in order to achieve their goals and dreams.

8. Strong people skills

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



9. Strong work ethic

Highly-successful entrepreneurs are always willing to put in the necessary effort. They are leaders that set a strong example to others, especially in the sense of urgency and responsibility. The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

10. Passion

One of the most important qualities of a successful entrepreneur is passion. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better. They are willing to put in their time and effort to learn new techniques or applications in order to stay ahead of their competitors. They make sure that they are always learning new things about their industry to keep abreast of new developments and be as efficient as possible.

TYPES OF ENTRAPRRUNER:

1. Social entrepreneurship

A socially conscious business is focused on solving social problems, such as access to food, money, and education. The stated goal of these companies is to make the world better (although, for most, the ultimate purpose is still to make money). Such companies develop products and services with the goal of achieving these lofty goals. This model sometimes describes nonprofit organizations as well.

2.Real-world example: Seventh Generation, which sells eco-friendly cleaning and personal care products, was launched in 1988 in response to growing societal concerns about the environment since many household products of the day included harsh chemicals. The firm donates 10% of pre-tax profits to community- and environment-focused nonprofits and



businesses. Despite lower profit margins, the company reportedly managed to pull in \$200 million in 2015 — proving that creating a responsible corporate image can also make money.

2. Innovation entrepreneurship

Innovation entrepreneurship is rooted in new inventions and ideas, which are then transformed into ventures. These firms aim to change how people live and seek ways to make products and services stand out, thereby accomplishing something that other companies haven't.

Products such as the iPhone show how innovation can completely alter how people go about their daily routines. This kind of entrepreneurship is ambitious and often requires significant investment to get off the ground.

Real-world example: Founded in 2003, Tesla sought to innovate the automobile market by launching a line of affordably priced cars that were entirely electric, which hadn't been done successfully on a large scale until then. By 2019, Tesla had reportedly sold 367,849 units globally, a 50% increase over the year before. Because of how early Tesla was to the market, the company enjoys massive market share in a rapidly growing industry.

While Teslas are still largely unaffordable to working-class families — prices start at around \$36,000 — the market is expanding, and continued innovation may bring prices down to where it becomes a more widely available mode of transportation.

3. Big business entrepreneurship

One major disadvantage for a business when it gets larger is that it starts to move slowly. As a result, big businesses often try to jump-start entrepreneurship by snatching up a smaller company and delegating innovation to the new acquisition.



The larger company may leverage limited product or service life cycles and have experienced professionals take the reins of new projects. Massive tech firms such as Google and Microsoft often do this by buying out a small developer with promising technology as part of its long-term focus.

Real-world example: After being partners for years, Disney finally purchased animation studio Pixar in 2006. Rather than create its own studio to compete with Pixar, Disney decided it would simply buy the up-and-coming studio behind Toy Story and other hit movies. It has proven to be quite the lucrative arrangement for Disney, which has cashed in on other blockbuster successes from Pixar since the acquisition, including WALL-E, Coco, Up, Brave, and sequels to Toy Story.

4. Small business entrepreneurship

When you don't have the resources of a big business and have to be more conservative in your accounting, your entrepreneurship has to be more dependent on good, old-fashioned elbow grease.

In small business entrepreneurship, innovation is typically more modest and based on a new twist on currently available products and services — or simply on doing a job well — while profits are used to support the company's family rather than being poured into more expansion. These small businesses are often made up of family members and friends. Local restaurants, dry cleaners, and mom-and-pop stores are good examples.

Real-world example: Chances are you don't have to go far to find a good example of small business entrepreneurship. Many local businesses represent a family that decided to put its hard-earned cash into launching a store to serve the surrounding community. Restaurants are typical examples, with hard-working families serving delicious meals day in and day out. Many fail, some succeed, and a few others go on to expand to additional locations. Some even create regional empires.



5. Scalable start-up business entrepreneurship

As defined by Steve Blank, the father of the lean startup concept, scalable startup business entrepreneurship begins with a founder's belief that they can change the world. Venture capitalists often swoop in to fund these sorts of startups in the hope of landing massive returns. They then hire highly skilled and educated professionals to run them, seeking to address market holes or disrupt entire industries.

ROLE OF ENTREPRENEUR IN ECONOMIC DEVELOPMENT

Capital Formation:

Entrepreneurs mobilize the idle savings of the public through the issues of industrial securities. Investment of public savings in industry results in productive utilization of national resources. Rate of capital formation increases which is essential for rapid economic growth. Thus, an entrepreneur is the creator of wealth.

2. Improvement in Per Capita Income:

Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income in the country, which are important yardsticks for measuring economic growth.

3. Generation of Employment:

Entrepreneurs generate employment both directly and indirectly. Directly, self-employment as an entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, entrepreneurship helps to reduce the unemployment problem in the country.

4. Balanced Regional Development:

Entrepreneurs in the public and private sectors help to remove regional disparities in economic development. They set up industries in backward areas to avail various concessions and subsidies offered by the central and state governments.

Public sector steel plants and private sector industries by Modis, Tatas, Birlas and others have put the hitherto unknown places on the international map.

5. Improvement in Living Standards:

Entrepreneurs set up industries which remove scarcity of essential commodities and introduce new products. Production of goods on mass scale and manufacture of handicrafts, etc., in the small scale sector help to improve the standards of life of a common man. These offer goods at lower costs and increase variety in consumption.

6. Economic Independence:

Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture indigenous substitutes of hitherto imported products thereby reducing dependence on foreign countries. Businessmen also export goods and services on a large scale and thereby earn the scarce foreign exchange for the country.

Such import substitution and export promotion help to ensure the economic independence of the country without which political independence has little meaning.

7. Backward and Forward Linkages:

An entrepreneur initiates change which has a chain reaction. Setting up of an enterprise has several backward and forward linkages. For example- the establishment of a steel plant generates several ancillary units and expands the demand for iron ore, coal, etc.

These are backward linkages. By increasing the supply of steel, the plant facilitates the growth of machine building, tube making, utensil manufacturing and such other units.



Entrepreneurs create an atmosphere of enthusiasm and convey a sense of purpose. They give an organization its momentum. Entrepreneurial behavior is critical to the long term vitality of every economy. The practice of entrepreneurship is as important to established firms as it is to new ones.

Role of Entrepreneurs in Economic Development of India

Economic development essentially means a process of upward change where by the per capita income of a country increases over a long period of time.

The economic history of the presently developed countries like America, Germany, and Japan leads to support the fact that the economy is an effect for which entrepreneurship is the cause. The crucial role played by the entrepreneurs in the development of the western countries has made the people of under-developed countries too much conscious of the significance of entrepreneurship for economic development.

Now people have begun to realise that for achieving the goal of economic development, it is necessary to increase entrepreneurship both qualitatively and quantitatively in the country. It is only active and enthusiastic entrepreneurs who fully explore the potentialities of the country's available resources land, tech., capital, material etc.

The role of entrepreneurship in economic development varies from economy to economy depending upon its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial function. The entrepreneurs contribute more in favourable opportunity conditions.

1. In underdeveloped/developing regions, due to lack of funds and skilled labour, the atmosphere is less conducive for innovative entrepreneurs.
2. Under the conditions of paucity of funds and the problem of imperfect market, the entrepreneurs are bound to launch their enterprises on a small scale. Also initiator entrepreneurs are preferred in such regions. Thus, initiation of innovations introduced in developed regions on a massive scale bring about rapid economic-development in underdeveloped/developing regions.

3. Further India aims at decentralized industrial structure to reduce regional imbalances in levels of economic development.

4. Generation of employment

5. Balanced regional development

6. Improvement in standard of living

7. Backward and forward linkages

8. Creator of wealth (securities, issues etc.).

Thus, small scale entrepreneurship in such industrial structure plays an important role to achieve balanced regional development, generation /creator of wealth etc.

Important role that entrepreneurship plays in the economic development of our economy (India) are:

1. Improvement in Per Capita Income:

Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help increase Net Nation

al Product and Per Capita Income in the country.

2. Generation of Employment:



Entrepreneur generate employment both directly and indirectly. By starting their business they present an opportunity to others for work by offering jobs.

3. Balanced Regional Development:

Entrepreneurs help to remove the regional disparities in the economic development of areas. They set up industries in backward areas to avail various substitutes and bring up the development of that region.

4. Improvement in Living Standards:

Entrepreneur set up industry which introduce new products on a mass scale. They are at lower costs and this helps to improve the standard of life of a common man.

5. Economic Independence:

Entrepreneurship is essential for national self-reliance. Industrialists help to manufacture substitutes of imported products thereby reducing dependence on foreign countries. These businessmen also export products thereby earning foreign exchange for the country.

Entrepreneurship does not emerge and grow spontaneously. There are various factors having both positive and negative influence on the growth of entrepreneurship. (Positive influence imply facilitating and conducive conditions whereas negative influences refer to factors inhibiting the emergence of entrepreneurship).

Facilitating Factors:

1. Technical knowledge

2. Entrepreneurial training



3. Market contacts

4. Family business

5. Availability of capital

6. Successful role models

7. Local manpower

8. Government and institutional support

Barriers:

1. Lack of technical skills

2. Lack of market knowledge

3. Lack of business knowledge

4. Time pressure and distractions



5. Legal and bureaucratic constraints

6. Patent inhibitions

7. Political instability

8. Non-cooperate attitude of banks and other institutes

I. Economic Conditions:

Economic environment exercises the most direct and immediate influence on entrepreneurship. Capital, labour, raw materials and markets are the main economic factors.

(a) Capital:

It is one of the most important prerequisites to establish an enterprise. Availability of capital facilitates the entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. With an increase in capital investment, capital-output ratio also increases.

This results in increase in profit which ultimately goes to capital formation. This suggests that as capital supply increases, entrepreneurship also increases (e.g., Russia – how lack of capital for industrial pursuits impeded entrepreneurship).

(b) Labour:



The quality rather than quantity of labour is another factor which influence the emergence of enterprise. Adam Smith considered division of labour as an important element in economic development. According to him, division of labour, which itself depends upon the sizes of the market leads to improvement in the productive capacities of labour due to an increase in the dexterity of labour.

(But it appears that one labour problem clearly does not prevent entrepreneurship from emerging, for example, the problem of low cost immobile labour can be circumvented by plunging ahead with capital intensive technologies, as Germany did.)

(c) Raw Materials:

The accessibility of raw material for establishing any industrial activity, is indisputable. In the absence of raw materials, no enterprise can be established. Of course in some cases technological innovation can compensate for raw material inadequacy e.g., Japan.

(d) Market:

The fact remains that the potential of the market constitutes the major determinant of probable rewards for entrepreneurial function. The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in the market become more influential for entrepreneurship than a competitive market.

However, the disadvantages of competitive market can be cancelled to some extent, by improvement in transportation system, facilitating the movement of raw materials and finished goods and increasing the demand for goods. For example, Germany and Japan are prime e.g., where rapid improvement in market was followed by rapid entrepreneurial activities.



II. Social Factors:

Social environment in a country exercises a significant impact on the emergence of entrepreneurship.

The various sub factors are:

(a) Legitimacy of Entrepreneurship:

The social factors give emphasis to the relevance of a system of norms and value, within a sociocultural setting for the emergence of entrepreneurship. This system is referred to as “legitimacy of entrepreneurship” in which the degree of approval or disapproval granted entrepreneurial behavior influences its emergence and characteristics if it does not emerge. Some scientists call it appropriate social climate for entrepreneurship and some call it cultural sanctions.

(b) Social Mobility:

It involves the degree of mobility, both social and geographical and the nature of mobility channels within a system. Some are of the view that a high degree of mobility is conducive to entrepreneurship (e.g., openness of a system and need for flexibility in role relations imply the need for the possibility of mobility within a system for entrepreneurship development).

In contrast, there is another group of scholars who express the view that a lack of mobility possibilities promotes entrepreneurship. The third opinion is a combination of first two, i.e., the need for both flexibility, the denial of social mobility. Thus a system should not be too rigid nor



too flexible. (If too flexible individual will move towards other roles, if too rigid, entrepreneurship will be restricted along with other activities).

(c) Marginality:

A group of scholars hold a strong view that social marginality also promotes entrepreneurship. They believe that individuals or groups on the perimeter of a given social system or between two social systems provide the personnel to assume the entrepreneurial role.

They may be drawn from religious, cultural, ethnic or migrant minority groups and their marginal, social position is generally believed to have psychological effects which make entrepreneurship particularly attractive for them.

III. Psychological Factors:

(a) Need Achievement:

E.g., David Mc Clelland's theory of need achievement. According to him high need of achievement is the major influencing factor for entrepreneurship development therefore if the average level of need achievement in a society is relatively high, one would expect a relatively high amount of entrepreneurship in that society.

Mc Clelland says that need achievement can be developed through the intensive training programmes.

(b) Withdrawal of Status Respect:

Hagen attributed the withdrawal of status respect of a group to the genesis of entrepreneurship e.g., Japan developed sooner than any non-western society except Russia due to two historical differences.

First, Japan had been free from 'colonial disruption' and secondly, the repeated long continued withdrawal of expected status from important groups (like Samurai) in her society drove them to retraction which caused them to emerge alienated from traditional values with increased creativity.

This very fact led them to the technological progress entrepreneurial roles. Hagen believes that the initial condition leading to eventual entrepreneurial behaviour is the loss of status by a group.

He postulates that four types of events can produce status withdrawal:

- (i) The group may be displaced by force
- (ii) It may have, its valued symbols denigrated
- (iii) It may drift into a situation of status inconsistency
- (iv) Not accepted the expected status on migration in a new society

He further postulates that withdrawal of status respect would give rise to four possible reactions and create four personality types:

- (i) Retreatist- He who continues to work in a society, but remains different to his work and position.
- (ii) Ritualist- He who adopts a kind of defensive behaviour and acts in the way accepted in his society but no hopes of improving his position.
- (iii) Reformist- He is a person who forms a rebellion and attempts to establish a new society.
- (iv) Innovator- He is a creative individual and is likely to be an entrepreneur.

Hagen maintains that once status withdrawal has occurred, the sequence of change in personality formation is set in motion. He refers that status withdrawal takes a long period of time – as much as five or more generations to result in the emergence of entrepreneurship.

Others:

Govt. Actions:

The government by its actions or failure to act also does influence both the economic and non-economic factors for entrepreneurship. By creating basic facilities, utilities and services and by providing incentives and concessions, the government can provide the prospective entrepreneurs a facilitative socio-economic setting. Such conducive setting minimizes the risks which the entrepreneurs have to encounter.

Various factors stated above for emergence of entrepreneurship are interlocking, mutually dependent and mutually reinforcing.

Entrepreneur and His Role:

A change in the connotation of an entrepreneur from captain of Industry to an elusive character, where the entrepreneur is characterised as one who garners profits at the expense of others had distorted the concept of entrepreneurship. The concept of entrepreneurship has been revised by an economist, Joseph Schumpeter.

Schumpeter described entrepreneurship as a force in creative destruction, whereby established ways of doing things are distraught by the creation of new and better ways to get things done. Hence Schumpeter described entrepreneurship as a process and entrepreneurs as innovators who use the process to shatter the status quo through new combinations of resources and new methods of commerce.

Joseph A. Schumpeter thus writes:

“The entrepreneur in an advanced economy is an individual who introduces something new in the economy a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw-material or of new markets and the like”. He further states the entrepreneur’s function is to “reform or revolutionise the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products.... Entrepreneurship, as defined, essentially consists in doing things that are not generally done in the ordinary course of business routine”.



Peter Drucker describes entrepreneurial role as one of gathering and using resources. But Drucker's view of entrepreneurship occurs when resources are redirected to progressive opportunities, not used to ensure administrative efficiency. This redirection of resources distinguishes the entrepreneurial role from that of the traditional management role. Some other definitions of entrepreneurs are given by the following authors.

Frank Young describes entrepreneur as a change agent. Noah Webster thinks entrepreneur is one who assumes the responsibility of the risk and management of business. Francis A. Walter observes that the true entrepreneur is one who is endowed with more than average capacities in the risk of organising and coordinating the various other factors of production.

Karl Vesper found that psychologists tend to view entrepreneur in behavioural terms as achievement oriented individuals driven to seek challenges and new accomplishments. Hence he suggests in a market economy entrepreneurs can be viewed as pillars of industrial strength the movers and the shakers who constructively disturb the status quo.

The term 'entrepreneur' may be properly applied to those who incubate new ideas, and provide added value to society based on their independent initiative. The person who establishes a fast food franchise chain is called an entrepreneur, but the local restaurant owner is called a small business person.

Distinguishing factors are that entrepreneurs have vision for growth, commitment to constructive change, persistence to gather necessary resources and energy to achieve unusual results. The small business person may exhibit these characteristics, but only coincidentally, not as a prerequisite to establishing an enterprise.

The concept of entrepreneurship does not exclude managers in large organisation from being entrepreneurs if they combine resources in unusual ways to create innovative new product or services. However, because entrepreneurs take personal investment risks and corporate



managers very rarely do, corporate entrepreneurship, sometimes referred to as entrepreneurship at has to be differentiated from the concept of entrepreneurship proper.

Role of Entrepreneurs in Economic Development

Entrepreneurs create organizations that offer employment to millions of people. They convert resources into useful products and services. They create goods and services and improve the living standards of people in a country. They are, in fact, creators of wealth. Through constant innovations, they try to cut down costs, improve quality and create demand.

They are able to put local resources and talent to the best use. Rural entrepreneurship, if handled well by the government through encouraging policies, can radically transform the lives of people living in underdeveloped areas of a country. This way they can be instrumental in preventing the concentration of economic power. Entrepreneurship also helps in increasing productivity and capital formation of a nation. When they are able to achieve success and are able to expand their operations, they would be laying a solid foundation for the steady growth of a nation.

Entrepreneurs- What Sets them Apart?

1. Exploit opportunities- They observe an opportunity and convert it into a rewarding venture.
2. Create profitable businesses- They create goods and services that satisfy wants.
3. Innovate and deliver value- They improve existing products through constant innovations.



4. Offer choice to consumers- Entrepreneurs provide choice; in fact they bombard the consumer with a bewildering variety of products and services.

5. Offer quality products at affordable prices- They offer quality at an affordable price. Put resources to best use. This way they are able to put scarce resources to best use.

6. Offer novel solutions to problems- They design different approaches to familiar problems. Their capacity to come out with approaches that have not been put to test is amazing and this is what makes entrepreneurship a fascinating subject.

7. Create jobs- Entrepreneurs provide jobs. Millions of people all over the globe earn their living because of successful entrepreneurs.

8. They consume resources, thus providing jobs in the industries that supply those resources.

9. Help an economy to grow- Entrepreneurs help the economy grow steadily and continually. If they taste success, they are able to inspire many more to join the ranks and take the business further.

Role of Entrepreneurs in Economic Development – Create Employment Opportunities, Inspire Others towards Entrepreneurship, Create Knowledge Spillovers and a Few Others

Entrepreneurs play an important role in the economic development of a region. From the fall of Rome (AD 476) to the eighteenth century, there was virtually no increase in per capita wealth generation in the West. With the advent of entrepreneurship, however, per capita wealth generation and income in the West grew exponentially by 20 percent in the 1700s, 200 percent in the 1800s, and 740 percent in the 1900s (Drayton, 2004).



The various ways in which the entrepreneurial activity results in economic development and growth are:

Role # 1. Create Employment Opportunities:

By creating a new venture, entrepreneurs generate employment opportunities for others. Unemployment is a major issue, especially in the context of developing economies like India. Educated youth often are unable to get a suitable employment for themselves. Thus, entrepreneurs do a Yeoman's service by not only employing themselves into their entrepreneurial ventures, but also by employing others.

Within the last 15 years, Fortune 500 companies and large corporations have endured major retrenchment and eliminated millions of jobs, whereas discoveries in the entrepreneurial sector have yielded an average of 600,000 new incorporations per year and generated millions of job opportunities.

Role # 2. Inspire Others towards Entrepreneurship:

The team created by an entrepreneur for his new venture often provides the opportunity for the employees-cum-teammates to have a first-hand experience of getting involved in an entrepreneurial venture. This often leads eventually for these employed to become entrepreneurs themselves after being inspired by their earlier experience of working for an entrepreneur. Thus, this process helps in forming a chain reaction of entrepreneurial activity which directly contributes to the health of the economy.

Role # 3. Create Knowledge Spillovers:

When a scientist, an engineer, or a knowledge worker (i.e. an economic agent with endowments of new economic knowledge) leaves an organization to create a new firm, knowledge acquired by her in the organization gets spilled over to the new firm. Hence, entrepreneurship serves as a mechanism by which knowledge spills over to a new firm in



which it is commercialized. Naturally, the new firm gets benefited by the experience and knowledge gained by the founder in her erstwhile organization.

Knowledge is embodied in a worker and the new firm is created through the worker's effort to appropriate the value of his knowledge by way of innovative activity. Lucas (1988) established that knowledge spillovers are an important mechanism driving economic growth.

Role # 4. Augment the Number of Enterprises:

When new firms are created by entrepreneurs, the number of enterprises based upon new ideas/concepts/products in a region (say, a city, state, or country) increases. Not only does an increase in the number of firms enhance the competition for new ideas, but greater competition across firms also facilitates the entry of new firms specializing in a particular new product niche.

This is because the necessary complementary inputs are more likely available from small specialist niche firms than from large, vertically integrated producers (Jacobs, 1969). Glaeser et al. (1992) as well as Feldman and Audretsch (1999) found empirical evidence supporting the hypothesis that an increase in competition within a city, as measured by the number of enterprises, is accompanied by higher growth performance of that city.

Role # 5. Provide Diversity in Firms:

Entrepreneurial activity in a region often results into creation of a variety of firms in a region. These firms operate into diverse activities and it has been found that it is this diversity in firms which fosters economic development and growth rather than homogeneity. According to Jacobs (1969), it is the exchange of complementary knowledge across diverse firms and economic agents that yield an important return on new economic knowledge.

Role of Entrepreneurs in Economic Development

The industrialisation of a country and its pace of economic development depend on the entrepreneurs. A country may be inherited with plenty of natural resources, but its economic development cannot be possible in the absence of efficient entrepreneurs. This was reason that developing countries like India remained underdeveloped for many years. It is the entrepreneur who contributes towards the balanced development of a country by optimum uses of its resources.

Entrepreneur is considered to be the focal point in the process of economic development. This may be the reason that Jale Brozen writes, entrepreneur is the essential means of economic development. He is the person who uses the untapped natural resources, labour and capital in an optimum manner, sets the wheel of economic development moving forward. He makes available always new and improved products to the people and takes all the efforts to improve the living standard of the people.

Renowned economist, Marshall observes that entrepreneur is the captain of the industry, and builder of economic structure of a country.

Keeping these aspects in mind, the contribution of entrepreneur/entrepreneurship in an economy are described below:

1. Organising of Society's Productive Resources:

The important role of entrepreneurship is the optimum uses of productive resources of the country for the benefits of the people. James Burna observes that an entrepreneur is the organiser of society's productive resources. While explaining the contribution of entrepreneurs Prof. Karvar writes, the services of an entrepreneur are such which a paid manager cannot perform. In the absence of entrepreneurs, all the productive resources remain idle.



2. Production of New Articles:

Entrepreneur performs important role in producing and presenting new products in the market. He innovates and identifies the possibility of producing new products on the basis of innovation.

3. Development of New Production Technique:

Entrepreneur uses the new methods of production techniques, and brings in the market varieties of products at reasonable prices. He makes efforts to bring improvement in the present technology of production.

4. Promotes Capital Formation:

In a developing economy, the entrepreneur only can promote capital formation by investing in industrial activities. The entrepreneurial activity is the base for the development of capital market in a country like India.

5. Contributes towards Creation of Industrial Climate:

Entrepreneur plays important role in building industrial climate in the country. He motivates other entrepreneurs also to invest in industrial activities.

6. Contributes towards Providing Employment:



Entrepreneur introduces new products and new techniques. This results into the development, new industries, leading to opportunities for direct and indirect employment to the people.

7. Contributes towards Increasing Standards of Living of People:

The entrepreneurs have development and diversified new techniques and new products according to the needs of the time. This has given opportunity for the people to consume different kinds of items of their choice. The uses of substitute products have increased. This way, the enterprise news has contributed towards increasing the standard of living of the people.

8. Ambassador of Social Changes:

Entrepreneurs are ambassadors of social changes in an economy. New inventions cultivated scientific outlook among the people leaving their traditional beliefs and attitudes.

9. Removal of Regional Disparities:

Entrepreneurs contribute towards removal of geographical imbalances and economic backwardness. Really speaking an entrepreneur bears the risk in setting up industry in backward areas of the country in is efforts for balanced development of the country.

10. Contribution towards Economic Development of the Country:

Entrepreneur also contributes towards the development of national economy. He sets up industry in priority areas by the government in its Five Year Plan programmes. He makes



available the source of employment to the people. By optimum use of resources, he contributes towards increase in the national income.

He encourages for capital formation in the country. In the modern time, an entrepreneur is a wheel of economic development and kingpin of every economy. He is one of the most important inputs in the economic development of a country.

Role of Entrepreneurs in Economic Development – In Indian Economy

The importance of entrepreneurs in Indian economy arises on account of the following reasons:

1. Entrepreneurs can help reduce unemployment:

Unemployment Rate in India averaged 7.32 percent from 1983 until 2013, reaching an all-time high of 9.40 percent in 2009 and a record low of 4.90 percent in 2013. Entrepreneurs are expected to provide employment opportunities to the unemployed. The rural entrepreneurs and women entrepreneurs can play a very significant role.

2. Entrepreneurial initiatives can contribute to higher gross national product and per capita income:

Gross National Product in India was Rs 56738.60 Billion in 2014. Entrepreneurial initiatives and activities can enhance the level of gross national product as well as per capita income of the people in a country leading to the economic development of the economy.

3. Entrepreneurs can contribute towards capital formation:



The gross capital formation in India for the year of 2009-10 was 36.5% of the GDP and 35.12% of GDP 2012-13. Indian entrepreneurs can promote capital formation in the economy. Entrepreneurs can increase the avenues for fruitful investments.

4. Entrepreneurial activities can significantly influence the standard of living:

According to the Human Development Index of 2015, India is ranked at 130th position among 188 countries. Entrepreneurs can play a vital role in enhancing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services. They can make available the best quality products and services in possible cheapest cost.

5. Entrepreneurs endeavour to promote balanced regional development:

The growth of industries and business in backward areas would lead to a large number of benefits for the public like road transport, health, education, etc. The entrepreneurs can contribute to balanced regional development. The Corporate Social Responsibilities (CSR) of the established entrepreneurs can improve the backward regions. The CSR activities have been made mandatory for the companies that come under the categories recognized under Companies Act of 2013.

6. Entrepreneurial activities would lead to wealth creation and distribution:

Entrepreneurial activities guided by national interest would lead to generation of greater wealth as well as its distribution.

7. Entrepreneurial initiatives can help in skill development:



The Indian entrepreneurs can play a vital role in skill development and thereby contribute to the process of job creation and development of the economy. The entrepreneurs should take the initiative of improving the skill of the semi-skilled or unskilled labour force.

8. Entrepreneurs can improve India's global competitiveness:

In the Global Competitiveness report 2015-2016, published by World Economic Forum, India is ranked at 55th position among the 140 countries enlisted in the report. The entrepreneurial class has to take up the challenge and contribute towards improving the competitiveness of Indian economy.

9. Entrepreneurs can increase the country's share in global export trade:

India's share in Global Merchandise exports is very low. The entrepreneurs have to track the avenues for export and concentrate to improve the share of Indian economy in global export trade.

10. Entrepreneurs ensure overall development of an economy:

The activities of the entrepreneurs can influence all the sections of the economy. They can reduce the negativity and pessimism of a society. Their activities generate enthusiasm among the followers. A new level of development is dreamt by the entire economy and the Indian entrepreneurial class can contribute a lot in ensuring overall development of the country.

Role of Entrepreneurs in Economic Development – 11 Roles for Economic Growth of the Country

The entrepreneur is supposed to create ideas and put them into effect in fostering economic growth and development. Entrepreneurship is one of the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions.

Actually, he is the person who identifies the opportunity, creates and arranges resources and is ultimately responsible for the performance of the business enterprise. He plays a pivotal role in each and every sector of the country.

An entrepreneur has been assigned following roles for economic growth of the country:

(1) Creation of Innovative Change:

An entrepreneur is a person who always looks for changes. Continuous dreaming helps in idea creation. Idea creation facilitates creativity innovations which are the direct result of creative ideas. Viable innovations lead entrepreneurial behaviour. Entrepreneur is responsible for combining the factors of production in an effective way to enlarge the production base.

He also introduces new ideas and new combination of factors. He always tries to introduce newer and newer techniques of production of goods and services. An entrepreneur brings economic development through continuous innovations.

According to Meir and Baldwin, development does not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed which results in entrepreneurial activity to a considerable extent. The diversity of activities that characterises rich countries can be attributed to the supply of entrepreneurs.

(2) Promotion of Capital Formation:



Entrepreneurs promote capital formation by mobilising idle savings of public. Compensating investment risk through adequate rate of returns is the basic function of entrepreneur, with this approach entrepreneur motivates the public for more savings. Business ideas creativity and innovation are the important conditions for developing entrepreneurship in the country.

Actually, he is responsible for channelising savings for production purposes which in turn gives a multiplier effect to the process of capital formation. 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.

(3) Creation of Employment Opportunities:

Most of the economies especially developing countries like India are facing acute problems of growing unemployment. Entrepreneurs provide employment to the unemployed persons. With the setting up of more and more service units by entrepreneurs, indifferent sectors like tiny/small, medium and large sectors of the country, job opportunities are created for others.

Thus, through setting up industrial units, he creates job for himself and to the unemployed persons in the society. Besides, 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 growing unemployment in persons in the country which in turn clears the path towards economic development of the nation.

(4) Promotion of Balanced Regional Development:

The basic function of entrepreneur is to identify opportunities in the prevailing environment, Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The Government of India and the state governments both are providing different types of incentives and subsidies for backward area districts and zero industries district.



The growth of industries and business in these areas leads to a large number of public benefits like road development transport, health, education, entertainment, and social endowments etc. Setting up of more industries lead to more development of backward regions and thereby promoting balanced regional development.

(5) Increase in Per Capita Income:

Each and every country has its own natural and other resources. There is need to optimise the use of these available natural resources. In this context, entrepreneurs convert the latent arid idle resources like land, labour and capital into goods and services resulting in increase in the national income and wealth of a nation.

With the help of increasing space of entrepreneurial activities owners of factors of production get their price as income as these owners put their resources for productive purposes. Generally, available resources motivate and provide opportunities to the entrepreneurs for the establishment of viable ventures.

They explore and exploit opportunities, encourage effective resource mobilisation of capital and skill, bring in new products and services and develop markets for growth of the economy. In this way, they help in increasing gross national product as well as per capita income of the people in a country. The increase in gross national product facilitates further economic growth.

(6) Wealth Creation and Distribution:

There is direct relationship in entrepreneurial activity and creation of Job opportunities. People were unable to get job because there was no job and they were poor. Due to entrepreneurial activity unemployed people are getting job as a base for income. Now with the help of job, entrepreneurs can ensure more wealth creation by utilising untapped natural and human resources.



Entrepreneurial activity enables factors of production to fetch better price. This process 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.

(7) Promotion of Export Trade:

Import substitution and export proportion both are important dimensions of favourable balance of trade. Favourable balance of trade is an important ingredient of economic development. Entrepreneurs produce goods and services in large scale for the purpose of earning huge amount of foreign exchange from export.

Entrepreneurs through innovation also create new products which are quite helpful for export promotion and import substitution. Thus, import substitution and export promotion ensure economic independence and development of the country.

(8) Encourages Backward and Forward Linkages:

Innovation helps in effective entrepreneurship. With the help of latest innovations, entrepreneurs produce huge production, increase product variety, ensure cost effectiveness, improve product demand and sales volumes and also facilitate earnings and profit growth.

When an enterprise is established in accordance with the latest technology, it induces backward and forward linkages which ultimately encourages better utilization of available resources. Thus, it stimulates the process of economic, development in the-country.

(9) Improvement in Standard of Living:

Entrepreneurial activity, creates generation employment opportunities. This process leads to increase in income and purchasing power which can be used for consumption expenditure.



Increased demand for goods and services boost up industrial activity. Large scale production will result in economies of scale and low cost of production.

Marketing process involves creating a demand and then filling it. Entrepreneurs are also responsible for making further innovations. It creates opportunity for production of wide variety of goods and services. It also enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

(10) Facilitates Overall Development:

Entrepreneurs act as catalytic agent for change which results in chain reactions. Once an enterprise is established, the process of industrialisation is set in motion. This unit will generate demand for various types of resources and there will be so many other units which require the output of this unit.

Vertical and horizontal establishment of industrial units optimise the use of resources available in that particular area. 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.

(11) Economic Independence:

It is a basis for political and social independence. So each and every country is required to make necessary efforts for ensuring economic independence. Development of agriculture sector and industrial sector is quite necessary for economic independence. Both these sectors are complementary to each other and accelerate economic growth. Multidimensional economic growth facilitates economic independence.

Thus, it is assumed that entrepreneurship is important for getting economic self-reliance.

Export of goods and services on a large scale help in the process of earning of scarce foreign



exchange for the country. Efforts for import substitution also facilitate the production of goods and services in the country which ultimately control the imports.

Moreover, import substitution efforts serve the foreign exchange for other urgent needs. In this way, import substitution and export promotion help to ensure economic independence of the country.

Role of Entrepreneur in Economic Development –

Entrepreneurs in general combine the available resources and produce goods and services. They put in a very valuable input in the form of their time and effort in organizing these resources. More often than not, they have to provide a disproportionately high quantum of these inputs (time and efforts) to produce a required product or service.

Naturally, the rewards for entrepreneurship would also be disproportionately high. Many economists have pointed out that entrepreneurship is a low cost strategy for economic development because entrepreneurs perform many crucial economic functions. For instance, they bear the costs and face the risks of starting a new enterprise, or adapting new technologies, or developing new products, or opening up new markets, etc.

They work hard to add value to their goods and services. An entrepreneur, thus, brings about frequent changes in the production process, marketing strategies, technology, etc., to improve the quality of the product or service. These changes in due course lead to better products and affect the welfare of societies.

This is a basic quality of entrepreneurship that spreads in societies like a chain reaction. Each action leads to another and entrepreneurial opportunities get created continuously resulting in active markets and intense competition.

The economy of a nation depends in a big way on the number of entrepreneurs present in the society, since they are the people who do not seek but create jobs with their vision and innovative skills. They perform crucial economic functions like developing new products and opening new markets, they can also be counted among the driving force of an economy. Entrepreneurship is thus the panacea to most of the problems of the society.

Therefore, there is an urgent need to orient the developmental policies and education curriculum towards promoting entrepreneurship and instilling entrepreneurial qualities among them.

The significant contribution that entrepreneurship makes to economic development can be studied under the following six subheads:

1. National Production:

The basic problem in any economy results from shortage of goods and services. Shortage of goods reflects lack of adequate production. As a result, the society would be forced to meet the requirements of its people by importing goods and services, which is a drain on the vital foreign exchange reserves.

The entire issue stems from a limited number of people being involved in production process due to lack of industries or enterprises. In other words, few people have the courage and the entrepreneurial skills to set up their own production units and bridge the demand supply gap.

Thus, at the root of limited production lies the absence of entrepreneurial qualities and skills among people who are unwilling to undertake business risks. In the long run, it is seen that it is entrepreneurship and development that stimulate the economy with enhanced production of goods that not only meet the domestic demands but also cater to exports.



2. Balanced Regional Development:

A big problem in most developing countries today is unbalanced or uneven regional development. This breeds unrest and has led to various armed and unarmed agitations and movements in various parts of the country and even in the world for separate states to reinforce petty regional identities.

Many such struggles could be successfully addressed if there is equitable development in all parts of a nation state. If even development is there among all the regions, people in every region will get equal opportunities, finally leading to balanced development. This is possible on a large scale only when people in every region are equipped with entrepreneurial skills that would enable their active participation in the economic development of their regions. That is the potential of entrepreneurship which can help eliminate uneven development.

3. Dispersal of Economic Power:

Concentration of economic power is among the dangerous consequences of economic development that most economies are facing today. Concentration of economic power is nothing but concentration of economic wealth in the hands of few. In other words, economic opportunities are denied to the vast majority, which is forced to depend on a minuscule section for job opportunities.

This trend can prove dangerous to a developing nation. Against this backdrop, entrepreneurship development helps provide economic opportunities for setting up enterprises which in turn become economic generation entities.

It means that if majority of people become entrepreneurs, then the economic wealth will get dispersed among the entire population. Dispersal of economic power is one of the positive signs of a progressive society. Entrepreneurship, thus, helps a society develop on a positive note.



4. Reinvestments of Profits:

Investment or capital needed for setting up any entity is the single most significant resource of which there is great shortage in most developing societies. This situation often compels decision makers and those in the government to invite businessmen—domestic and foreign including multinational companies—from outside to set up industries on their soil.

The profits earned by the private sector as a result are likely to be taken back to places where the investors belong. This results in outward flight of the capital from the region where the industry was set up, yet it is a necessary evil. If local entrepreneurs were to emerge in such underdeveloped areas, whatever the profits that are earned by them will naturally get invested in the same region directly or indirectly and result in further development of that region.

5. Employment Generation:

The burning problem of most countries today is unemployment. Creating employment opportunities are generally perceived as government responsibility. However, it is impossible for a government to provide employment opportunities to a fast growing population, howsoever sincere it may be.

If people are entrepreneurial by nature, they can undertake various self-employment programmes and start their own enterprises, resulting in more employment opportunities. This means, self-employment is the best employment and entrepreneurship the most exciting profession.

6. Harnessing Youth Vigour:

A sizeable part of India's population is youth. If the country is able to channelise the youth vigour and direct the same towards the economic development, it can prosper at a much greater pace. If not, their power could get misdirected and they could veer towards extremist and terrorist activities.



ENTRAPRENUER AND WEALTH CREATION.

ntrepreneurship has superseded inheritance as the main source of wealth creation in developed economies, according to a global survey of high net worth individuals, while in developing economies many entrepreneurs are now dealing with succession and inheritance planning for the first time.

The Barclays survey – Origins and Legacy: The Changing Order of Wealth Creation – found that there has been a big shift in the way the world's wealthiest are spending and sharing their money due to changing patterns of wealth creation.

According to the report, 40% of those surveyed listed entrepreneurship as one of their main sources of wealth, compared with 26% for inheritance. In the UK the difference was bigger, with 45% attributing their wealth to entrepreneurship, compared with 14% accumulating it through inheritance.

To illustrate how this has changed over the past quarter century, the report cited the 1989 edition of the UK's Sunday Times Rich List where only 21% of those included made their fortunes themselves – compared with almost 80% in this year's edition.

Today, the report said, technology and property are the sectors where people are making money most quickly, and this is even truer in emerging markets – where, on average, it takes 11 and 10 years respectively to accumulate wealth in these sectors, compared with 13 years in other industries.

In the developed world wealth creation takes an average 15 years in the technology sector, 19 years in the property sector and 20 years in other industries.



In India, 84% of individuals agree wealth can be created faster today compared with the past, while in the UK the number of people who agree with this statement is nearly half at 45%.

When it comes to sharing their wealth, HNW individuals in emerging markets are increasingly giving away money to family or charitable causes during their lifetime, rather than as inheritance.

In Qatar, for example, 42% of HNW individuals plan to give away all of their wealth during their lifetime and in India it's 20%, compared with only 5% of HNW individuals in the UK.

Catherine Grum, head of wealth advisers for the UK and EMEA at Barclays, attributes this to differing perceptions of how wealth can be used to help the next generation.

“Those who have made their money through business in more developed markets, such as the UK, would prefer the next generation to carve out their own path, rather than disrupt the entrepreneurial cycle and discourage the entrepreneurial spirit by simply having wealth handed down to them,” Grum said.

“Wealth creators in emerging markets, however, very much see their money as an enabler for their family and to the wider wealth cycle. They want to pass their wealth down and leave their business as a legacy for future generations. ”

Philanthropy is more common among those who have experienced fluctuations in wealth – which the report attributes to a stronger sense of shared experience with those in difficult circumstances.



Thirty three percent of those whose wealth declined in the economic downturn cited charity as one of the main uses of their wealth compared with 24% of those whose wealth increased in the same period.

European respondents were more likely to give to charitable causes out of a sense of duty and responsibility, with this being the case for 72% of respondents in Spain, 69% in the UK and Switzerland and 84% in Monaco.

Elsewhere, the personal fulfillment philanthropy brings was seen to be a stronger motivating factor, especially in China (71%), Latin America (65%) and South Africa (56%).

PROBLEM OF UNEMLPIYMENT

The major causes of unemployment in India are as mentioned below:

1. Large population.
2. Lack of vocational skills or low educational levels of the working population.
3. Labour-intensive sectors suffering from the slowdown in private investment particularly after demonetisation
4. The low productivity in the agriculture sector plus the lack of alternative opportunities for agricultural workers that makes transition among the three sectors difficult.
5. Legal complexities, Inadequate state support, low infrastructural, financial and market linkages to small businesses making such enterprises unviable with cost and compliance overruns.
6. Inadequate growth of infrastructure and low investments in the manufacturing sector, hence restricting the employment potential of the secondary sector.
7. The huge workforce of the country is associated with the informal sector because of a lack of required education or skills, and this data is not captured in employment statistics.



BUSINESS OPPORTUNITIES IDENTIFICATION

DIFFERENT BETWEEN CONVERGENT THINKING AND DIVERGENT THINKING

Differences Between Divergent thinking and Convergent Thinking

1. **Direction** of divergent and convergent thinking

Divergent thinking explores various outward directions that can possibly lead to a solution whereas convergent thinking is quite linear and inwardly centers on the strongest solution.

2. **Novelty** of divergent and convergent thinking

Divergence focuses on unique ideas or original products while convergence considers the utilization of previous techniques.

3. **Limit** of divergent and convergent thinking

Convergent thinking seeks to find out the definite answer. On the other hand, divergent thinking views possible answers as limitless.

4. **Certainty** of divergent and convergent thinking

Convergent thinking sees fixed sides; something is either black or white. However, divergent thinking views concepts less rigidly; it considers the gray areas and less certain perspectives of the solutions.

5. **Efficiency** of divergent and convergent thinking

Convergent thinking is most effective in decision making tasks while divergent thinking is needed in figuring out probable options.

6. **Personality** of divergent and convergent thinking

Studies show that individuals who are open to new experiences and extroverted often employ divergent thinking. This implies that those who are more comfortable with what is familiar as well as those who are introverted usually practice convergent thinking.

7. **Emotional State** of divergent and convergent thinking

MEDIAVINE

Interestingly, research correlated divergent thinking with positive emotional states where as convergent thinking was associated with negative moods. You are more likely to generate various ideas when in a pleasant mood as you become less critical and appreciate differing viewpoints.

8. **Value of Answers** in divergent and convergent thinking

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In divergent thinking, the multiple answers are of equal value. On the contrary, convergent thinking dictates that there must be a certain answer with the highest value.

9. **Intricacy** in divergent and convergent thinking

Divergent thinking favors intricate ideas while convergent thinking encourages strong and clear-cut concepts.

10. **Risk taking** in divergent and convergent thinking

Divergent thinkers take more risks with their adventuresome ideas as they often like to experiment and go against the flow. On the other hand, convergent thinkers tend to be on the safer side by mainly considering tried and tested options.

11. **Curiosity** in divergent and convergent thinking

As compared to their convergent counterparts, divergent thinkers tend to be more curious as they have a number of questions and contemplate on wide-ranging as well as in depth ideas.

12. **Brain Activity** in divergent vs. convergent thinking

Since divergent thinking is mostly associated with artistry, it mainly stimulates the right hemisphere of the brain. As for convergent thinking, it is generally related with logic which is generally processed in the left hemisphere.

13. **Reasoning** in divergent and convergent thinking

Deductive reasoning is followed in convergent thinking as a logical answer is derived by eliminating the other less reliable data. Conversely, divergent thinking leans towards inductive reasoning as ideas stem out from a main proposition.

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14. **Quantity vs Quality** in divergent and convergent thinking

Divergent thinking favors quantity over quality in the sense that its chief aim is to produce as many ideas as possible. Contrarywise, convergent thinking supports quality over quantity as it purports to determine the finest idea.

15. **Time** : divergent and convergent thinking

As divergent thinking welcomes all potentials, the process often endures for long periods of time. Antithetically, convergent thinking concludes earlier as it only considers what is perceived as highly relevant.



Divergent Thinking vs Convergent Thinking: Comparison Chart

Divergent Thinking Convergent Thinking

Seeks various solutions Focuses on a single answer

Generates new ideas Reuses previous information

Used in specifying options Efficient in decision making

Presents more complicated facets Mainly concerned with an exact viewpoint

Welcomes risk-taking Focuses on less-ambiguous answers

Covers massive and multi-layered concepts Aims to identify the most efficient concept

Associated with positive mood Associated with a cynical mood

Mainly involves the right brain Generally, it stimulates the left brain

Favors quantity over quality Favors quality over quantity

Process usually takes a longer time Process generally takes a shorter time

Summary points on divergent and convergent thinking

ETOP

The Environmental factors are quite complex and it may be difficult for strategy managers to classify them into neat categories to interpret them as opportunities and threats. A matrix of comparison is drawn where one item or factor is compared with other items after which the scores arrived at are added and ranked for each factor and total weight age score calculated for prioritizing each of the factors

This is achieved by brainstorming. And finally the strategy manger uses his judgment to place various environmental issues in clear perspective to create the environmental threat and opportunity profile.

Although the technique of dividing various environmental factors into specific sectors and evaluating them as opportunities and threats is suggested by some authors, it must be carefully noted that each sector is not exclusive of the other.

Each of the major factors pertaining to a particular sector of environment may be divided into sub-sectors and their effects studied. The field force analysis goes hand in glove with ETOP, as here also the contribution with regard to opportunities and threats posed by the environment is also a necessary part of study.

ETOP Preparation:

he preparation of ETOP involves dividing the environment into different sectors and then analyzing the impact of each sector on the organization. A comprehensive ETOP requires subdividing each environmental sector into sub factors and then the impact of each sub factor on the organization is described in the form of a statement.



Issue Selection:

Focus on issues, which have been selected, should not be missed since there is a likelihood of arriving at incorrect priorities. Some of the impotent issues may be those related to market share, competitive pricing, customer preferences, technological changes, economic policies, competitive trends, etc.

2. Accuracy of Data:

Data should be collected from good sources otherwise the entire process of environmental scanning may go waste. The relevance, importance, manageability, variability and low cost of data are some of the important factors, Which must be kept in focus.

3. Impact Studies:

Impact studies should be conducted focusing on the various opportunities and threats and the critical issues selected. It may include study of probable effects on the company's strengths and weaknesses, operating and remote environment, competitive position, accomplishment of mission and vision etc. Efforts should be taken to make assessments more objective wherever possible.

4. Flexibility in Operations:

There are number of uncertainties exist in a business situation and so a company can be greatly benefited buy devising proactive and flexible strategies in their plans, structures, strategy etc. The optimum level of flexibility should be maintained.



PEST ANALYSIS

PEST Analysis (political, economic, social and technological) is a management method whereby an organization can assess major external factors that influence its operation in order to become more competitive in the market. As described by the acronym, those four areas are central to this model.

A popular variation on the PEST Analysis format, especially in the U.K., is the PESTLE strategic planning approach, which includes the additional aspects of Legal and Environmental.

It is believed that PEST Analysis was first introduced under the name ETPS by Harvard professor Francis J. Aguilar. In the 1967 publication "Scanning the Business Environment," Aguilar presented the economic, technical, political, and social factors as being major influences on the business environment. Subsequently, the letters were rearranged to create a convenient and quirky acronym used today.¹

PEST analysis stands for political, economic, social, and technological.

This type of analysis is used to gauge external factors that could impact the profitability of a company.

Generally, it is more effective with larger organizations that are more likely to experience the effects of macro events.

PEST analysis is commonly used in conjunction with SWOT analysis, which stands for strengths, weaknesses, opportunities, and threats.

The Areas Assessed by PEST Analysis

A comprehensive assessment of the major areas of influence that affect the sector in which an organization is positioned, as well as the organization itself, can facilitate more effective strategic planning. This planning can be undertaken to maximize the organization's ability to capitalize on conditions as they exist, and to be forewarned of and better prepared for imminent changes, allowing the organization to stay ahead of competitors.

The political aspect of PEST Analysis focuses on the areas in which government policy and/or changes in legislation affect the economy, the specific industry, and the organization in question. Areas of policy that may particularly affect an organization include tax and employment laws. The general political climate of a nation or region, as well as international relations, can also greatly influence the organization.

The economic portion of the analysis targets the key factors of interest and exchange rates, economic growth, supply and demand, inflation and recession.

The social factors that may be included in a PEST Analysis are demographics and age distribution, cultural attitudes, and workplace and lifestyle trends

The technological component considers the specific role and development of technologies within the sector and organization, as well as the wider uses, trends, and changes in technology. Government spending on technological research may also be a point of interest in this area.



Applications of PEST Analysis

PEST Analysis can assist an organization in recognizing and thereby capitalizing on opportunities offered by existing conditions in the business environment. It can also be used for identifying current or possible future challenges, allowing for effective planning of how to best manage these challenges.

PEST Analysis can also be applied in assessing the in-house structure of an organization in order to identify strengths and weaknesses in its internal politics, economic outlook, social climate, and technology base. The results of this analysis can facilitate changes or improvements in areas identified as subpar.

PEST Analysis can be used in conjunction with other forms of strategic business analysis, such as the SWOT (strengths, weaknesses, opportunities, and threats) model, for an even more comprehensive result. Conducting a comparison between these completed analyses can provide a very solid basis for informed decision-making.

SWOT ANALYSIS

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Strengths and weaknesses are internal to your company—things that you have some control over and can change. Examples include who is on your team, your patents and intellectual property, and your location.

Opportunities and threats are external—things that are going on outside your company, in the larger market. You can take advantage of opportunities and protect against



threats, but you can't change them. Examples include competitors, prices of raw materials, and customer shopping trends.

A SWOT analysis organizes your top strengths, weaknesses, opportunities, and threats into an organized list and is usually presented in a simple two-by-two grid.

When you take the time to do a SWOT analysis, you'll be armed with a solid strategy for prioritizing the work that you need to do to grow your business.

You may think that you already know everything that you need to do to succeed, but a SWOT analysis will force you to look at your business in new ways and from new directions. You'll look at your strengths and weaknesses, and how you can leverage those to take advantage of the opportunities and threats that exist in your market.

Who should do a SWOT Analysis?

For a SWOT analysis to be effective, company founders and leaders need to be deeply involved. This isn't a task that can be delegated to others.

But, company leadership shouldn't do the work on their own, either. For best results, you'll want to gather a group of people who have different perspectives on the company. Select people who can represent different aspects of your company, from sales and customer service to marketing and product development. Everyone should have a seat at the table.

Innovative companies even look outside their own internal ranks when they perform a SWOT analysis and get input from customers to add their unique voice to the mix.



If you're starting or running a business on your own, you can still do a SWOT analysis. Recruit additional points of view from friends who know a little about your business, your accountant, or even vendors and suppliers. The key is to have different points of view.

Existing businesses can use a SWOT analysis to assess their current situation and determine a strategy to move forward. But, remember that things are constantly changing and you'll want to reassess your strategy, starting with a new SWOT analysis every six to 12 months.

For startups, a SWOT analysis is part of the business planning process. It'll help codify a strategy so that you start off on the right foot and know the direction that you plan to go.

LivePlan no guesswork

How to do a SWOT analysis the right way

As I mentioned above, you want to gather a team of people together to work on a SWOT analysis. You don't need an all-day retreat to get it done, though. One or two hours should be more than plenty.

1. Gather the right people

Gather people from different parts of your company and make sure that you have representatives from every department and team. You'll find that different groups within your company will have entirely different perspectives that will be critical to making your SWOT analysis successful.

2. Throw your ideas at the wall

Doing a SWOT analysis is similar to brainstorming meetings, and there are right and wrong ways to run them. I suggest giving everyone a pad of sticky-notes and have everyone quietly generate ideas on their own to start things off. This prevents groupthink and ensures that all voices are heard.

After five to 10 minutes of private brainstorming, put all the sticky-notes up on the wall and group similar ideas together. Allow anyone to add additional notes at this point if someone else's idea sparks a new thought.

3. Rank the ideas

Once all of the ideas are organized, it's time to rank the ideas. I like using a voting system where everyone gets five or ten "votes" that they can distribute in any way they like. Sticky dots in different colors are useful for this portion of the exercise.

Based on the voting exercise, you should have a prioritized list of ideas. Of course, the list is now up for discussion and debate, and someone in the room should be able to make the final call on the priority. This is usually the CEO, but it could be delegated to someone else in charge of business strategy.

You'll want to follow this process of generating ideas for each of the four quadrants of your SWOT analysis: Strengths, Weaknesses, Opportunities, and Threats.

Environmental Threat and Opportunity Profile Analysis (ETOP)



ETOP is considered as a useful device that facilitates an assessment of information related to the environment and also in determining the relative significance of external environment threats and opportunities to systematically evaluate environmental scanning. By dividing the environment into different sections, the ETOP analysis helps in analyzing its impact on the organization. The analysis is based on threats and opportunities in the environment.

2. Quick Environmental Scanning Technique Analysis (QUEST)

QUEST is an environmental scanning technique that is designed to assist with organizational strategies by keeping adheres to change and its implications. Different steps involved in this technique are as follows:

The process of environmental scanning starts with the observation of the organization's events and trends by strategists.

After observation, important issues that may impact the organization are considered using environment appraisal.

A report is created by making a summary of these issues and their impact.

In the final step, planners who are responsible for deciding the feasibility of the proposed strategy, review reports.

3. SWOT Analysis

SWOT analysis stands for strengths, weaknesses, opportunities and threats analysis of a business environment. Strengths and weaknesses are an organization's internal factor



while threats and opportunities are considered as external factors. So, the process of SWOT analysis includes the systematic analysis of these factors to determine an effective marketing strategy. It is a tool that is used by the organization for auditing purposes to find its different key problems and issues.

These are identified through internal and external environmental analysis.

Internal environment analysis/ scanning

Different factors are considered while analyzing the internal environment of an organization like the structure of the organization, physical location, the operational capacity and efficiency of the organization, market share, financial resources, skills and expertise of employees, etc.

Strengths: The strength of any organization is related to its core competencies i.e. efficient resources or technology or skills or advantages over its competitors. For example, the marketing expertise of a firm can be its strength. Apart from this, an organization's strength can be:

Strong customer relations

Market leader in its product or services

Sound market image and reputation

Smooth cash-flows



Weaknesses: A weakness or limitation of an organization is related to the scarcity of its resources or skill-set of staff or capabilities that creates an adverse effect on its performance. For example, limited cash-flow and high cost are considered as a financial weakness of the organization. Similarly, other weaknesses can be:

Poor product quality

Low productivity

Unrecognized brand name or poor brand image

External environment analysis/scanning

Different factors that are considered while scanning the external environment of the organization like Competitors, customers, suppliers, technology, social and economic factors, political and legal issues, market trends, etc.

Opportunities: An opportunity of the organization's environment is considered as its most favorable situation. These are the circumstances that are external to the business and can become an advantage to the organization. For example, different opportunities for a firm can be:

Social media marketing

Mergers & acquisitions

Tapping new markets

Expansion in International market

New product development

Threats: Threats of an organization are current or future unfavorable situations that may occur in its external environment. For example, below are a few major threats for a firm:

A new competitor in the market

The slow growth of the market

Changing customer preferences

Increase in the bargaining power of consumers

Change in regulations or major technical changes

4. PEST Analysis

PEST technique for a firm's environmental scanning includes analysis of political, economic, social, and technical factors of the environment.

a) Political/ Legal factors: Different factors like changes in tax policy, availability of raw material, etc. creates a direct effect on a business. So organizations are required to constantly monitor tax-related policy changes as an increase in tax may increase the heavy financial burden on them. Similarly, different laws like “Consumer protection act” also play an important role in an organization's operation activities as it is important to abide by the act.



More examples can be foreign trade policy, political changes, regulations in competition, trade restrictions, etc. also considered as different political/ legal factors that exist in the external business environment.

b) Economic factors: Different economical Factors like the unemployment rate, inflation, cost of labor, economic trends, disposable income of consumers, monetary policies, etc. play an important role in environmental scanning.

For example, in the case of high unemployment, a company may decrease the prices of its products or services and in opposite situation i.e. when the unemployment rate is low then prices can be high. This happens because if more customers are unemployed then by lowering the prices, an organization can attract them

c) Social / Cultural factors: Attitude, trends, and behavioral aspects of society also create an impact on the functioning of the organization. Studying and understanding the lifestyle of consumers is very much required to target the right audience and to offer the right product or services based on their preferences.

For example, Issues and policies related to the environment like pollution control are also being considered by organizations to ensure that it operates in an environment-friendly atmosphere. Taking care of the cultural aspect of different countries while doing business at the international level, is also an important factor.

d) Technological Factors: Technological factors affect the way firms produce products and services as well as market them. Like, “processes based on new technologies” is one of the important factors of a technological environment. To maximize profits,



production should be handled most cost-effectively and this, technology has an important contribution

For example, an increase in computer and internet-based technology is playing a major role in the way organizations are distributing and marketing their products and services. Also, different advancements in technologies like automation of the manual process and use of machinery based on more advanced and latest technologies, more investment in research & development by organizations have increased their efficiency by increasing production in less time, cost-reduction and better investment in the long run.

ROLE OF MARKET SURVEY IN BUSIEBSS OPPORTUNITES

1.Easily Spot Business Opportunities

After you've done your market research, it'll be clear to you who you want to reach out to (your target customers), where you can reach them (your marketing channels), and what they're interested in. Once you've defined these, you'll be able to easily spot business opportunities. For example:

2.Form partnerships with other businesses. Learning about who your customers are, such as their demographics, can help you find other small businesses that serve them. You can approach these businesses for joint promotions that'll be mutually beneficial.

3.Create profitable order upgrades. Knowing the other products and services that your customers tend to buy can help you come up with add-ons, product bundles, and upsells that increase the average value of each order.



4. Find new locations to sell to. Knowing the geographical areas where most of your target customers live will allow you to create compelling targeted campaigns that suit the needs and culture of that area.

2. Lower Business Risks

Around half of businesses with employees don't survive past the fifth year, according to data from the Bureau of Labor Statistics. The way to make sure that your business survives for longer is to ensure that you've got a steady stream of sales and customers. To do that, you need market research.

3. Regular market research will be your way to check in with your current customers and potential customers to ensure that you're still meeting their needs. Here's how you can apply this:

4. Test new designs and products before launching. Before you go all-in on a dramatic change for your business, you can test it on a smaller subset of your audience to see if the change would be welcome. For example, if you plan to do a redesign of a popular product, show the new design to your most frequent buyers. Test or ask them if they're more likely to buy the new design versus, an alternative new design, or the old design.

5. Find out why customers don't come back. Ideally, your small business should have recurring customers. If they don't come back, you can conduct a survey of previous customers or set up a focus group to find out why you're not making any repeat sales.



6. Get insights on problem areas. If your most popular product sees a big drop in sales for three consecutive months, you need to find out how to fix it before it ruins your profits completely. Survey your most frequent customers about the product and find out where the problem lies. It could be anything from a decline in the product quality or a glitch on your online store. You'll never know unless you ask.

3. Create Relevant Promotional Materials

If you've ever wondered what text or images to put on your fliers, website, or social media accounts, with thorough market research, you'll know exactly what to do. Since target customers have already expressed all their wants, needs, and frustrations with you, you'll know exactly what to address and how to address it when you start creating your marketing materials.

For example, author Tiffany Sun surveyed her readers to find out which problems they're trying to solve. Instead of coming up with blog topics or headlines in a vacuum, she uses the results of this survey to brainstorm compelling topics.

Survey results for market research

Surveying your audience about their main problem points can help you create compelling content for them.

Here are some other ways your marketing materials will be easier to create:



Knowing whether customers see your products and services as a necessity or as a luxury can help you design your product labels, brochures, and website that fits their perception.

Identifying the age range of your customers can tell you the type of language you'll be using in your promotional materials. You'll write differently when addressing retired Baby Boomers than you would when addressing young professionals.

4. Know Where to Advertise

One of the problems that small business owners face is a limited budget. Because of this, your marketing budget should be optimized to give you the best returns possible. Your market research can help ensure that you're reaching your intended audience in the channels where they're most likely to see your message.

These are some of the budgetary tasks that your market research can help with:

Buying ads on social media. If your market research shows that your target audience spends most of their time on Instagram and almost never use Twitter, you'll know to direct most of your social media ad budget to Instagram and forget about Twitter.

Placing flyers and posters. Knowing the physical spaces where your customer spends their time will tell you where you can best place your advertising. For example, university students are likely to be on campus, so placing ads for that market means that you can try bulletin boards on campus or outside local establishments that their crowd tends to frequent.



Targeting ads. Online ads such as social media ads and pay-per-click ads can often be targeted with precision. This means that you can target based not just on the usual demographic data, but also based on online behaviors, life stage, and interests. If you truly know your customers, you'll be able to maximize the potential for targeting. For example: here are some of the targeting options for Facebook Ads:

Targeting options for Facebook Ads

Online ads can be highly targeted beyond demographics. You can target based on interests and life events, among other criteria.

5. Outsell Competitors

The business that knows their customers more tends to win more. If you can beat your competitors at finding out your customers' needs and you aim to fulfill those needs, you've got a better chance of standing out from the competition. Here are some ways you can use market research to outsell competitors:

Target dissatisfied customers. Asking target customers about their frustrations with your competitors' products or reading their product reviews can help you improve your own products and market them to an audience ready to switch brands.

Find an underserved customer segment. Your market research might reveal that there's a segment of the market that your competition has neglected. This will give you a new customer segment to reach out to.



Identify unaddressed customer needs. During your market research, you might uncover some customer pain points or desires that you don't see addressed in your competitors' marketing materials. Try including them in your own marketing and see if the results show an increase in sales.

If you need to know more about conducting market research with competitors in mind, here are some helpful guides:

SMALL BUSINESS

Competitive Analysis: How to Find Out Who's Buying From Your Competitors

Celine Roque

6. Set Better Goals for Your Business

When business owners set goals for their business, it's typically related to growth in sales or customers. But without market research, you won't be able to know if your goal is achievable and how to achieve it in the first place.

You might say that you want to double sales by the end of the next quarter. How would you know if this goal is feasible if you don't know whether the size of your target market is more than twice the size of your current customer base? Without knowing the current size of your potential market, you'll just be setting arbitrary goals.

With market research, you'll be able to determine the specific directions you want to grow your customer base. For example, do you want to grow your customers via a new



untapped market segment? Or do you still have room for growth among your current target audience?

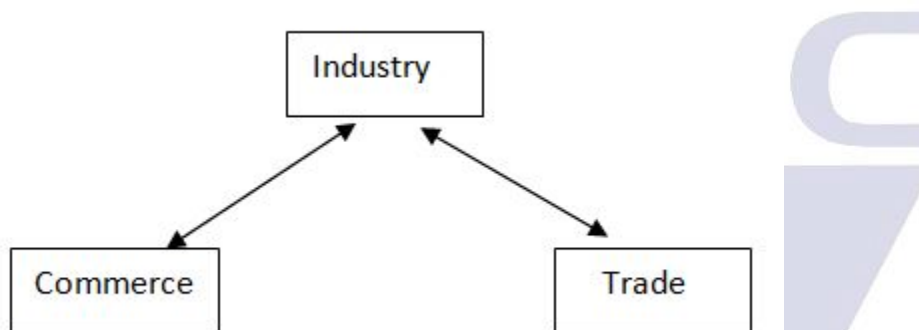
RELATIONSHIP BETWEEN BUSINESS,INDUSRY AND COMMERCE

There is a close interrelationship between the different branches of business described above. One cannot function without the support of others.

1. Commerce helps industry before and after production through the purchase of materials and the sale of finished products. Productions of goods and services is meaningless unless they are distributed among the consumers.
2. Trade, involving buying and selling of goods, maintains a smooth flow of commerce and thereby supports industry. At the same time, industry provides the goods and services for distribution and thereby gives rise to commerce. As industry develops, trade and commerce also grow.
3. Industry, commerce and trade are closely related to each other. For example, industry provides goods and services which are distributed through commerce. No commercial activity is possible in the absence of industry and production. At the same time industry and production cannot survive unless the goods and services are distributed among consumer through commerce.
4. Therefore, industry and commerce are interdependent. Industry provides the base for commerce and commerce serves s the backbone of industry.

5.Trade involves buying and selling of goods. It is the nucleus of commerce because all business activities revolve around or exchange.

6.Trade provides the solid foundation upon which the superstructure of commerce has been raised. It provides necessary support to industry and maintains a smooth flow of commerce. This interrelationship is shown in Fig. 4.2.



Interrelationship Between Industry Commerce and Trade



UNIT:3

MANAGEMENT OF MSME AND SICK ENTERPRISES

OBJECTIVES AND FUNCTIONS OF MSME

To promote e-Governance for empowering citizens, promoting the inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Internet Governance, adopting a multipronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space.

Objectives

- 1.e-Government: Providing e-infrastructure for delivery of e-services
- 2.e-Industry: Promotion of electronics hardware manufacturing and IT-ITeS industry
- 3.e-Innovation / R&D: Implementation of R&D Framework - Enabling creation of Innovation/ R&D Infrastructure in emerging
- 4.areas of ICT&E/Establishment of mechanism for R&D translation
- 5.e-Learning: Providing support for development of e-Skills and Knowledge network
- 6.e-Security: Securing India's cyber space
- 7.e-Inclusion: Promoting the use of ICT for more inclusive growth
- 8.Internet Governance: Enhancing India's role in Global Platforms of Internet Governance.

- 1.Facilitation and credit flow to MSMEs
- 2.Improving competitiveness of MSMEs
- 3.Improve manufacturing base through upgradation of technology
- 4.Promotion of MSMEs through cluster bases approach
- 5.Marketing support to MSMEs



6.Skill development and entrepreneurship development training

7.Creation of new Micro Enterprises through Prime Minister's Employment Generation Program (PMEGP)

8.Growth and development of Khadi and Village Industries (KVI) sector

9.Growth and development of Coir Industry.

CHALLENGES FACED BY MSME

1.. Ease of doing business remains a bottleneck

Most start-ups in India face the problem in the initial stages because of too many regulations and approvals. Even as India managed to jump places in the World Bank's Ease of Doing Business index, there are several loopholes in the system that keep businesses on the edge and prevent them from expanding or flourishing. Many times, entrepreneurs are demotivated to start up because of troubles relating to MSME loan, enforcing contracts and dealing with construction permits. In fact, the time taken by businesses to enforce a contract remains longer, at 1,445 days, than it was 15 years ago (1,420 days). There have been significant changes in terms of registering a new business which has come down to 30 days from 127 days, local entrepreneurs have to still wait and clear 12 procedures to start a business in Mumbai, whereas globally it takes just five procedures on an average.

2. Lack of financial expertise

Even as entrepreneurs keep devising new strategies and plan the expansion of their existing business, there are still a large number of entrepreneurs who lack the financial knowledge to steer the business in the right direction. Those entrepreneurs without sound financial knowledge may not be in a position to make crucial business decisions related to MSME loans. In absence of financial knowledge, you may end up taking wrong decisions that may cost the business unless you are seeking any external advice. Also, the knowledge about finance is important because you have to rely on an MSME loan to tide over crises that may knock at the door anytime. Hence, it is important to understand everything related to MSME loans, find out about the MSME loan interest rate and compare the same in the market before availing a loan.

3. Lack of Access to Financing Solutions

Most businesses face perennial problems of accessing finance or availing an MSME loan even as the government has implemented measures to make credit for businesses readily available to foster entrepreneurship. The regulatory loopholes that cause a delay in getting licenses, insurance, and certifications also hamper the prospects of MSMEs. Most businesses face problems related to manufacturing, timely purchase of raw materials, or even access to new technologies or acquire new skills due to lack of funding. Another major problem is the economic slowdown that has led to liquidity crunch, but the government had given a breather to MSMEs by asking banks not to declare any stressed loan account of MSMEs as NPA till March 2020 and work on recasting their debt.

4. Technology remains a major deterrent

Most businesses fail to reap the benefits of the latest technological developments in their sector due to a lack of expertise and awareness. Hence MSMEs need to be apprised of the technological developments that are significant for the growth of their businesses. It is important for scientific research bodies to remain involved with the local MSME clusters, and take notice of their technology-related problems and issues. However, there have been concerted efforts to offer solutions to MSMEs on these issues as the government is working towards the launch of E-commerce portal 'Bharat Craft' that will act as a direct interface between sellers and buyers.

5. Labour issues

Most SMEs face frequent labour issues and especially in the new normal times, the ongoing migrant crises has manifested itself as one of the most difficult areas for industries to operate in such times of pandemic. Apart from labour problems, businesses also need to emphasize skill development, training, and ensuring market linkages to facilitate both urban and rural micro-entrepreneurs. The emphasis on skill development can benefit the sector substantially and more so at the time of crisis.

6. Lack of Trust

It is seen that banks refrain from extending MSME loan since the amount remains small and also, banks believe MSMEs lack the required repayment capacity. In such a situation, they end up implementing stricter regulations on these start-ups. Some businesses also fail to keep track of their credit rating that hampers the prospect of availing loans. Moreover, traditional lending



options make it difficult for business owners to meet strict eligibility criteria besides the lengthy procedure of MSME loan approval further dampens their spirits.

7. Absence of collateral in loan

Some businesses may find it difficult to avail MSME loan as a result of a strict collateral protocol. Since small companies may not have the property to substantiate the criteria to avail a loan, business owners may opt for unsecured business loans from lenders and not fret over offering collateral or assets to get the MSME loan approval.

REMEDIAL MEASURES TO OVERCOMNE INDUSTRIAL SICKNESS

. INADEQUACY OF WORKING CAPITAL

Some units turn out sick due to inadequacy of working capital. There may exists delay in sanction of working capital by financial institutions. Industrial units find it difficult to meet out day to day operations due to the time gap between sanction of term loan and working capital needs. Shortage of Working Capital is one of the main reasons for sickness.

2. NON-AVAILABILITY OF CREDIT

Sickness in SSI sector may be attributed to non-availability of credit. Delay in getting loans may result in stoppage of work or lead to production loss. Low production may lead to reduced sales which in turn may lead to financial loss.

POOR AND OBSOLETE TECHNOLOGY

Some industrial units use technology which is outdated. Out dated technology may affect the quantity and quality of production. This results in production loss and reduces demand for the goods.

4. NON AVAILABILITY OF RAW MATERIAL

Some units may require raw material which are scarcely available. Sometimes, the raw material required by the unit may not be available in abundance. Hence, this affects the production and the sales of the goods. If the raw material is not abundantly available, then the industrial units have to spend a

MARKETING PROBLEMS



Sometimes, the industrial units may not know as to how to create demand for the products. Lack of marketing knowledge may result in less demand for the goods. Similarly, there may be less demand for the goods produced by the SSI due to competition or change in the taste of the buyers

.For example, lot of units producing dyes and ceramics have been found sick in Gujarat and Tirupur.

6. ERRATIC POWER SUPPLY

Shortage in power supply affects the industries. This results in delay in production of goods and leads to financial losses.

7. LABOUR PROBLEMS

The relationship between the employer and the employees may not be cordial. Some of the labour problems such as strike, lay off, lock out may lead to industrial sickness.

8. POOR MANAGEMENT

The entrepreneur must be a good planner, organizer and a manager. If the Industrial Unit promoters lack managerial skills, then it may lead to several problems.

9. INADEQUATE large amount of money to buy them. This may result in financial loss.

SYMPTOMS OF INDUSTRIAL SICKNESS

The sign of sickness may be discernable at quite an early stage. This warning sign is termed as “Signal”. In fact, the timely identification of various signals makes the detection of sickness easier. Therefore, the various signals as listed below need to be identified and monitored at an early stage.

The important signals of sickness are:

1. Decline in capacity utilisation
2. Irregularity in maintaining bank account
3. Non-submission of the data to bank financial institutions
4. Inventories in excessive quantities

5. Frequent break down in plant/equipments
6. Decline in technical deficiency
7. Decline in the quality of the products/services
8. Shortage of liquid funds for short-term financial obligations
9. Default in the payment of statutory due
10. Frequent turnover of personnel in the industries.
11. Industrial Sickness – Symptoms of Sickness
12. The persistence of many signals for a long period of time .

Some of the important symptoms are:

1. Deteriorating financial ratio
2. Delay in the audit of annual account
3. Persisting shortage of cash flow
4. Continuous tumble in the price of the shares
5. Delay in the payment of statutory dues
6. Widespread use of creative accounting
7. Frequent request for loans
8. Morale degradation of the employees
9. Desperation amongst the top and middle managerial level.

However, the financial ratios, in each case cannot be considered as true symptoms of industrial sickness.

1. Problems in Production:

Problems in production may arise due to:

- i. Machine breakdowns, poor maintenance

- ii. Poor quality of raw materials
- iii. Poor labour productivity
- iv. Power shortage
- v. Lack of production, planning, and control
- vi. Delayed supplies from sub-contractors
- vii. Poor industrial relations

2. Lack of Orders:

A unit may suffer as it does not get enough orders to match its anticipated or targeted production targets

The lack of orders could be due to any of the following reasons:

- i. Competition
- ii. Recession
- iii. Low quality technical incompetence
- iv. Irregular deliveries
- v. Poor marketing efforts
- vi. Obsolescence

3. Lack of Raw Materials:

FUNCTIONS OF KVIC

- .1 To plan and organize training of persons employed or desirous of seeking employment in Khadi and Village Industries.
- 2. To build up reserves of raw materials and supply them to persons engaged or likely to be engaged in production of handspun yarn or Khadi or Village Industries at such rates as the Commission may decide.



3. To encourage and assist in the creation of common service facilities for the processing of raw materials or semi finished goods and for otherwise facilitating production and marketing of Khadi or products of Village Industries.
4. To promote the sale of marketing of Khadi or products of Village Industries or handicrafts and for this purpose forge links with established marketing agencies wherever necessary and feasible.
5. To encourage and promote research in the technology used in Khadi and Village Industries, including the use of non-conventional energy and electric power with a view to increasing productivity, eliminating drudgery and otherwise enhancing their competitive capacity and to arrange for dissemination of salient results obtained from such research.
6. To undertake directly or through other agencies studies of the problems of Khadi or Village Industries.
7. To provide financial assistance to institutions or persons engaged in the development and operation of Khadi or Village Industries and guide them through supply of designs, prototypes and other technical information for the purpose of producing goods and services for which there is effective demand in the opinion of the Commission.
8. To undertake experiments or pilot projects which in the opinion of the Commission are necessary for the development of Khadi and Village Industries
9. To establish and maintain separate organizations for the purpose of carrying out any or all of the above matters; to promote and encourage cooperative efforts among the manufacturers of Khadi or persons engaged in Village Industries.
10. To ensure genuineness and to set up standards of quality and ensure that products of Khadi and Village Industries do conform to the said standards, including issue of certificates or letters of recognition to the concerned persons.

Small Industries Development Bank of India (SIDBI) is the apex regulatory body in India for overall regulation and licensing of microfinance institutions in India. It is under the jurisdiction of Ministry of Finance , Government of India headquartered at Lucknow and having its offices all over the country. Its purpose is to provide refinance facilities and short-term lending to industries, and serves as the principal financial institution in the Micro, Small and Medium Enterprises (MSME) sector. SIDBI also coordinates the functions of institutions engaged in



similar activities. It was established on 2 April 1990, through an Act of Parliament. It is headquartered in Lucknow.[2] SIDBI operates under the Ministry of Finance, Government of India.

SIDBI is one of the four All India Financial Institutions regulated and supervised by the Reserve Bank of India; other three are India Exim Bank, NABARD and NHB. But recently NHB came under government control by taking more than 51% stake. They play a statutory role in the financial markets through credit extension and refinancing operation activities and cater to the long-term financing needs of the industrial sector.[3]

SIDBI is active in the development of Micro Finance Institutions through SIDBI Foundation for Micro Credit, and assists in extending microfinance through the Micro Finance Institution (MFI) route.[4] Its promotion & development program focuses on rural enterprises promotion and entrepreneurship development.[5][6]

In order to increase and support money supply to the MSE sector, it operates a refinance program known as Institutional Finance program. Under this program, SIDBI extends Term Loan assistance to Banks, Small Finance Banks and Non-Banking Financial Companies. Besides the refinance operations, SIDBI also lends directly to MSMEs.[7][8]

ANGEL FUNDING

Angel financing refers to an investment model wherein "business angels" – essentially, high net worth individuals – provide financial backing for small businesses in exchange for equity in the company. Angel financing can be a one-time investment, or it can refer to ongoing support. Generally, angel financing is high risk, high reward, as angel investors tend to seek a more favourable return rate than would be provided via traditional investment opportunities.

How angel financing for entrepreneurs works

Angel financing for entrepreneurs is relatively straightforward, as it's another form of equity financing. Firstly, business angels find out about interesting start-ups from a broad range of sources, including other entrepreneurs, investors looking for partners, or other angels within the same network, fund, or group. After an initial screening process, they'll invite the prospective start-ups to pitch, and if the pitch goes well, they'll undertake a due diligence review. Assuming you make it this far in the angel financing process, you'll be offered a term sheet, and the deal will be closed.



Generally speaking, a business angel's objective is to sell their stake in your business several years down the line for a significant profit. However, when it comes to angel financing for entrepreneurs, it's important to note that the investor won't sit back and wait for you to get the ball rolling. Angel investors play a much more active role in the business. They'll provide the founders with advice, make introductions, build your network, and help guide you through any subsequent funding rounds (Series A, Series B, Series C, etc.).

Venture Capital is a financing tool for companies and an investment vehicle for wealthy individuals and institutional investors. Wealthy investors like to invest their capital in startups with a long-term growth perspective. This capital is called venture capital and the investors are called venture capitalists, in other words, it is a way for companies to receive money in the short term and for investors to grow wealth in the long term.

Venture Capitals tend to focus on emerging companies and such investments are risky as they are illiquid, but also have the potential to provide impressive returns if invested in the right venture.

Venture capital (VC) is a form of private equity and a type of financing that investors provide to startup companies and small businesses that are believed to have long-term growth potential. Venture capital generally comes from well-off investors, investment banks, and any other financial institutions. However, it does not always take a monetary form; it can also be provided in the form of technical or managerial expertise. Venture capital is typically allocated to small companies with exceptional growth potential, or to companies that have grown quickly and appear poised to continue to expand.

Though it can be risky for investors who put up funds, the potential for above-average returns is an attractive payoff. For new companies or ventures that have a limited operating history (under two years), venture capital funding is increasingly becoming a popular – even essential – source for raising capital, especially if they lack access to capital markets, bank loans, or other debt instruments. The main downside is that the investors usually get equity in the company, and, thus, a say in company decisions.

KEY TAKEAWAYS

Venture capital financing is funding provided to companies and entrepreneurs. It can be provided at different stages of their evolution, although it often involves early and seed round funding.



Venture capital funds manage pooled investments in high-growth opportunities in startups and other early-stage firms and are typically only open to accredited investors.

It has evolved from a niche activity at the end of the Second World War into a sophisticated industry with multiple players that play an important role in spurring innovation.

Venture Capital

In a venture capital deal, large ownership chunks of a company are created and sold to a few investors through independent limited partnerships that are established by venture capital firms. Sometimes these partnerships consist of a pool of several similar enterprises. One important difference between venture capital and other private equity deals, however, is that venture capital tends to focus on emerging companies seeking substantial funds for the first time, while private equity tends to fund larger, more established companies that are seeking an equity infusion or a chance for company founders to transfer some of their ownership stakes.

PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME

The scheme is implemented by Khadi and Village Industries Commission (KVIC) as the nodal agency at the national level. At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the scheme is routed by KVIC through the identified banks for eventual distribution to the beneficiaries/entrepreneurs into their bank accounts.

The maximum cost of the project/unit admissible in manufacturing sector is Rs 25 lakhs and in the business/service sector, it is Rs 10 lakhs.

Rate of subsidy under PMEGP (of project cost)

- For General category - 15% (Urban), 25%(Rural)
- Special (including SC/ ST/ OBC/ Minorities/Women, Ex-servicemen, Physically handicapped, NER, Hill and Border areas, etc.) - 25% (Urban), 35% (Rural)

The balance amount of the total project cost will be provided by the banks in the form of term loan and working capital.

Eligibility



Any individual, above 18 years of age.

At least VIII standard pass for projects costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakh in the business / service sector.

Only new projects are considered for sanction under PMEGP.

Self Help Groups (including those belonging to BPL provided that they have not availed benefits under any other Scheme), Institutions registered under Societies Registration Act,1860; Production Co-operative Societies, and Charitable Trusts are also eligible.

Existing Units (under PMRY, REGP or any other scheme of Government of India or State Government) and the units that have already availed Government Subsidy under any other scheme of Government of India or State Government are NOT eligible.

How to apply?

The State/Divisional Directors of KVIC in consultation with KVIB and Director of Industries of respective states (for DICs) will give advertisements locally through print & electronic media inviting applications along with project proposals from prospective beneficiaries desirous of establishing the enterprise/ starting of service units under PMEGP.

The beneficiaries can also submit their application online at <https://www.kviconline.gov.in/pmegpeportal/pmegphome/index.jsp> and take the printout of the application and submit the same to respective offices along with Detailed Project Report and other required documents.

PROCESS OF INDUSTRIAL SICKNESS

1.Rehabilitation Process can be termed as measures taken for recovery / retrieval of industrial unit / enterprise enabling it to meet its expenses / liabilities and become profitable.

2.What steps can be taken for revival / rehabilitation of sick units / enterprises?

Step 1: Operational Study:

The reasons for sickness may differ from industry to industry and within the industry, from unit to unit accordingly, first step for any rehabilitation process is the operational study.

An operational study includes review of all operations / functions of the company / unit / enterprise and to identify critical areas in each process thereafter all critical areas require evaluation (evaluation with targets / budgets, external best performers, industry standards etc.) to identify areas where improvement is required.

Operations include (I) overall management performance (II) product & market study (III) availability of finance along with working capital management (IV) production (V) supply chain (VI) stock levels etc.

Step 2: Rectification Measures

Once key areas where improvement is required are identified now the next challenge will be to take necessary steps to bring improvement and enable industrial unit / enterprise to meet desired results.

Possible measures include:

- a) Cost reduction drive
- b) Streamline production and product quality
- c) Restructuring of liabilities / injection or addition equity investment
- d) Divestment Or disposal of excessive assets
- e) Revamping Plant and Machinery / Change of Technology
- f) Change in Key Management personnel
- g) Training & development of employees
- h) New / Revamp Marketing Strategy / Product image

To achieve desired result of Revamping, an implementation strategy shall be developed and communicated at all levels along with clarity of roles and responsibilities to achieve desired results.

It is also understood that some causes of sickness including Governmental Policy measures

Step 3: Sustainability / Control Measures



Post revival strict monitoring is critical to sustain and further improve company performance, which may include following:

- (I) Budgetary and control measures (including internal audit)
- (II) Risk Monitoring measures (internal & external) (including preparation and maintaining Enterprise Risk Register).
- (III) Focus on improvement / innovation / R&D and technological advancement
- (IV) Proper working capital and financing management
- (V) Continuation of Cost saving culture
- (VI) Continuous process of managerial review and development





UNIT:4

STUDY OF WOMEN FOUNDED START-UP IN INDIA

UPASANA TAKU

The 8th day of Navratri belongs to Goddess Mahagauri. She symbolises inner peace, intelligence, and optimism. Our story today also features a woman who lives up to such qualities. It is the story of Upasana Taku, Founder at Zaakpay and Co-Founder at MobiKwik.

Upasana finished her Bachelors of Engineering from NIT, Jalandhar. Her interest in pursuing Masters in Management Science took her to Stanford University. She possesses a commendable experience of over 13 years in Payments & Financial Services. And as an entrepreneur her journey spans over 7 years. But then, this is not an ordinary one. Let us take a stab at her story till day with an experience of handling a small team of early employees to expanding it to 250.

Upasana is now the leading force and face at MobiKwik, responsible to hold things together. She is the one powerhouse at Mobikwik who keeps such a large team focused. And her efforts, blended with the team's cooperation have yielded her enormous success to an extent that Mobikwik now stands as India's largest independent mobile payments network.

Coming Back Home

Upasana Taku's strong background in payment was her biggest asset. She initially worked with the HSBC in San Diego and later, went on to work with PayPal. She was happy about the fact that she was contributing to transforming people's lives, making payments easier for them.



Upasana Taku

Till 2008, she was occupied with PayPal only to make a choice of getting back to India. She had her instinct pointing in an altogether different direction of starting her own business. The corporate life and comfort zone was not something that she was looking for. The hunger to face challenges and making a significant contribution to the lives of people pulled her back to India. The easiness of work and dissatisfaction in working for big, high-impact projects worth millions of dollars pushed her to achieve something extraordinary. There was a certain thriving to come back to India and contributing to Indian startup ecosystem was in her mind. And this played a crucial role in changing her career tracks. And this is when she came back and founded Zaakpay

While she was back, she had a business idea in mind to do something similar for the people in India. This led the foundation of Zaakpay – a Payment Gateway. At the same time, she met her partner and a mentor in the form of Bipin Preet. They both got married later on. It was hers' and Bipin's idea to start Mobikwik as a semi-closed mobile wallet. Bipin was the one who turned her idea to reality. Since they both had their ideas match, the power multiplied and MobiKwik started flourishing gradually. Mobikwik started getting the much-required traction since the launch itself and she later joined MobiKwik for a full-time as a co-founder.



ANISHA SINGH

Delhi-based Anisha Singh (42), founder of online coupons platform Mydala and venture capital fund SheCapital, calls herself an 'accidental entrepreneur.' After having witnessed financial hardships as a child, there was one thing she was sure of: to have a stable job with a big pay cheque. Her father, an ex-serviceman, had started his real estate business which failed. Anisha didn't want to go down that road.

As a young girl, she had no bone of ambition, and was an average student. But while pursuing her undergraduate studies from the College of Art in Delhi, she interned with the Discovery Channel, and happened to meet someone who had studied Political Communication. Inspired, she applied to the American University for Masters in Political Communication, and got through. It was at the AU that she met Julie Holdren - the woman she credits her success to.

"Julie, who was the founder of the Olympus Group, ran a startup of 400 people, could do 30 push-ups, all this while taking care of twin babies. I think you need role models in your life who are making a huge difference to the world. That's what changed my perception of entrepreneurs. The minute I saw her, I wanted to be her," she says. Armed with a newfound ambition, Anisha decided to pursue MBA.

At 21, she began her stint with the Clinton administration, helping women entrepreneurs raise funding. This was her first tryst with entrepreneurship. Next, she moved to Boston to work at Centra Software, an e-learning company.



“At this point, I had already worked with several entrepreneurs. I wanted to do something of my own. At Centra, I was suddenly exposed to the possibilities of technology. I started deliberating if I should return to India,” she recounts.

The makings of an entrepreneur

In 2005, she returned to Delhi, and started her first company - Kinis Software Solutions, a digital marketing firm that focused on US-based clients.

Anisha knew that if things didn't work out, she could rely on her parents. But her perseverance made her first venture a success, and she decided to take the next step. She recollects, “I was ready to give birth to two babies - my firstborn, and my second venture- Mydala, which I started with Arjun Basu (my husband) and Ashish Bhatnagar in 2009.”

According to Anisha, there were hardly any woman-led startups at that time. “On top of that, a heavily pregnant woman coming to pitch to you is something investors are not used to. My co-founders were often told ‘if you ditch her, funding is a great possibility’,” says Anisha.

After pitching to numerous investment firms, the trio decided to continue as a bootstrapped startup. Call it a stroke of luck, Anisha met with Sanjeev Bikhchandani and Hitesh Oberoi from Info Edge, just two days after, and they agreed to invest in Mydala.

One of the wealthiest people in India, Azim Premji is these days perhaps more known for his philanthropy than his wealth or business skills. As of Oct. 2019, Forbes reported Premji had a net worth of \$7.2 billion. He derives his wealth from his ownership of Wipro Limited (WIT), an information technology (IT) company

that ranks as India's third-largest outsourcer of IT services. In this article, we review Premji's rise as the owner of a small, family-run business to one of India's most influential entrepreneurs.

KEY TAKEAWAYS

Indian entrepreneur Azim Premji turned a small, family-owned cooking-oil company into Wipro Limited, a multinational conglomerate focused on providing technology outsourcing services.

In 1980, Premji seized the opportunity to transform Wipro into an IT company when IBM withdrew its business from India.

Premji successfully diversified the company, steering its growth toward developing custom software solutions for customers in the United States.

Premji has pledged to donate the majority of his personal wealth to charity and has already given away \$21 billion, much of it to improve primary education in India.

Wipro's Early Days

Wipro was started as Western Indian Vegetable Products Ltd. in 1945 by Mohamed Premji, father of Azim Premji, as a manufacturer of hydrogenated cooking fats. At the time, Premji's father was already an established rice merchant. Azim Premji completed his schooling in Mumbai and was pursuing electrical engineering at Stanford University in the United States when in 1966 he had to leave and return to India due to his father's sudden demise. He then became the chair of Wipro at the young age of 21 amidst shareholder revolt. He expanded the company's product line to include hydraulic cylinders, soaps, and lighting products, renaming the company Wipro in 1977.

Premji Enters Technology Sector



Wipro entered the IT space in 1980 after IBM had withdrawn from the country. The company started with manufacturing microcomputers under a technology-sharing agreement with U.S.-based Sentinel Computers. Later, it started providing software solutions to complement its hardware operations.

The 80s saw a series of ventures by Azim Premji and Wipro. He started a manufacturing plant for the production of hydraulic tipping systems in 1983, followed by an entry into the manufacturing of industrial cylinders and hydraulic cylinders. In 1989, Wipro formed a strategic joint venture with General Electric (GE) for the manufacture and distribution of imaging products called Wipro GE Medical Systems, which became a subsidiary of Wipro the following year.

According to Forbes, Azim Premji made the biggest philanthropic gift of 2019 when he donated a \$7.6 billion stake in Wipro Limited to charity.

Premji Diversifies and Grows Wipro

Following India's economic deregulation in 1991, Wipro further diversified into the manufacturing of lamps, powders, oil-based natural ingredients, medical and diagnostic equipment, and IT hardware products such as printers and scanners. It also entered the IT services business in the 1990s and was among the first to experiment with offshore IT services.

In 1999, Wipro became the only Indian computer manufacturer to receive Y2K-compliant certification from the National Software Testing Laboratory in the U.S.

It also entered into a joint venture with KPN to provide Internet services in India. The following year saw Wipro list in the U.S. via American Depositary Receipts and emerge as one of India's largest software exporters and the second-largest listed company in India.

Throughout the late 1990s and early 2000s, Wipro continued to perform well, with IT remaining its core business. It also opened a Business Process Outsourcing (BPO) unit in 2002 and was one of the best-performing stocks during 1998-2003 on the Indian stock exchanges. Premji created a culture of striving for excellence in business operations, and Wipro was successful in implementing the objectives that were part of this culture and being one of the first software companies to get SEI Level 5 certification.

Wipro's Corporate Structure

The exit in 2005 of chief executive officer (CEO) Vivek Paul, who played a key role in making Wipro a billion-dollar enterprise, led to Azim Premji becoming the CEO until 2008. This was followed by a change in corporate structure that led to the installation of joint CEOs until 2011 when there was a reversion in the company back to a single CEO.

The company added a chief operating officer (COO) post to support the CEO and look after day-to-day operations, product delivery, and customer satisfaction in order to allow the CEO to focus on global operations and future strategies. After the global financial crisis of 2008, the company's revenue growth stagnated, forcing management to restructure its business model to find new business outside of the U.S. market and within its own domestic market.

Under Premji's leadership, Wipro's revenues grew from around \$2 million in the late 1960s to around \$7 billion in 2014, with IT contributing around 75% of total



revenue. In July 2019, Azim Premji stepped down as the chair of the board of Wipro and was succeeded by his son, Rishad. In its 2018-2019 annual report, the company reported annual revenue of \$8.4 billion.

Azim Premji has his own family wealth management company, Premji Invest, that manages around \$1 billion of his personal wealth and invests in public as well as private companies.

Premji Focuses on Philanthropy

One of the many reasons—perhaps the most significant—that Azim Premji will be remembered is for his philanthropy. He has already given away \$21 billion of his wealth as part of the Giving Pledge, a commitment by the world's wealthiest individuals to donate the majority of their wealth to charitable causes. Premji was the first Indian and only third non-American to make this pledge.

This includes two-thirds of his Wipro stock, which has been placed in a separate trust and will be used for educational purposes. The Azim Premji Foundation was set up as a non-profit organization in 2001 with the aim of improving primary education in India. It has also set up a university in Bengaluru, India, and works with schools and governments in various districts of India to improve education in a holistic way, rather than just through financing.

Something else that is noteworthy about Azim Premji is that he has managed to build an organization that has a reputation for being an ethical company committed to certain core values, and he has taken a keen interest in creating high-performance teams.



The Bottom Line

Azim Premji is one of India's most well-known and respected business leaders and has received many awards during his lifetime, most notably India's second-highest civilian honor for his contribution to business. He was also selected as one of the 30 Greatest Global Entrepreneurs of all time by Business Week and was named one of the 100 most influential people in the world.

He has transformed Wipro under his leadership from a \$2 million cooking fat company into a conglomerate spanning multiple businesses that consistently generate billions of dollars in revenue each year. Premji is indeed one of the pioneers in developing the IT sector in India and putting the sector on the global stage.

But perhaps his most lasting legacy will be the way he has used his wealth to improve the lives of others who are less privileged.

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Ratan Tata, in full Ratan Naval Tata, (born December 28, 1937, Bombay [now Mumbai], India), Indian businessman who became chairman (1991–2012 and 2016–17) of the Tata Group, a Mumbai-based conglomerate.

A member of a prominent family of Indian industrialists and philanthropists (see Tata family), he was educated at Cornell University, Ithaca, New York, where he earned a B.S. (1962) in architecture before returning to work in India. He gained experience in a number of Tata Group businesses and was named director in charge (1971) of one of them, the National Radio and Electronics Co. He became chairman of Tata Industries a decade later and in 1991 succeeded his uncle, J.R.D. Tata, as chairman of the Tata Group.

Upon assuming leadership of the conglomerate, Tata aggressively sought to expand it, and increasingly he focused on globalizing its businesses. In 2000 the group acquired London-based Tetley Tea for \$431.3 million, and in 2004 it purchased the truck-manufacturing operations of South Korea's Daewoo Motors for \$102 million. In 2007 Tata Steel completed the biggest corporate takeover by an Indian company when it acquired the giant Anglo-Dutch steel manufacturer Corus Group for \$11.3 billion.

In 2008 Tata oversaw Tata Motors' purchase of the elite British car brands Jaguar and Land Rover from the Ford Motor Company. The \$2.3 billion deal marked the largest-ever acquisition by an Indian automotive firm. The following year the company launched the Tata Nano, a tiny rear-engined, pod-shaped vehicle with a starting price of approximately 100,000 Indian rupees, or about \$2,000. Although only slightly more than 10 feet (3 metres) long and about 5 feet (1.5 metres)



wide, the highly touted “People’s Car” could seat up to five adults and, in Tata’s words, would provide a “safe, affordable, all-weather form of transport” to millions of middle- and lower-income consumers both in India and abroad. In December 2012 Tata retired as chairman of the Tata Group. He briefly served as interim chairman beginning in October 2016 following the ouster of his successor, Cyrus Mistry. Tata returned to retirement in January 2017 when Natarajan Chandrasekaran was appointed chairman of the Tata Group.

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Among many other honours accorded him during his career, Tata received the Padma Bhushan, one of India’s most distinguished civilian awards, in 2000.

Sherman Hollar

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Tata family

Tata family, family of Indian industrialists and philanthropists who founded ironworks and steelworks, cotton mills, and hydroelectric power plants that proved crucial to India’s industrial development. The Tata were a Parsi priestly family who originally came from the former Baroda state (now Gujarat). The founder of the family’s fortunes was Jamsetji...

Cyrus Mistry

Cyrus Mistry

...later, upon the retirement of Ratan Tata, who had headed the group since 1991....

Tata Group chairman Ratan Tata next to the newly launched Tata Nano at the 9th Auto Expo in New Delhi, India, in 2008.

Tata Group

's nephew, Indian business mogul Ratan Tata, succeeded him as chairman of the Tata Group. Upon assuming leadership of the conglomerate, Ratan aggressively sought to expand it, and increasingly he focused on globalizing its businesses. In 2000 the group acquired London-based Tetley Tea, and in 2004 it purchased the truck-manufacturing...

DR. SHIVA NADAR

. Shiv Nadar – First Generation Entrepreneur Presented by: Pulkit Mahajan

2. Introduction ¶“SHIV NADAR” IS THE FOUNDER-CHAIRMAN OF HCL (Hindustan Computers Limited) and also in Shiv Nadar foundation. ¶ As of 2015, his personal wealth is estimated at \$13.7 Billion. ¶He is the only Indian to establish computer systems industry in India. ¶In 2008 , he was honoured with Pada Bhushan for his efforts in IT industry.

3. “INDIAN BILL GATES” ¶In 2009, he was counted amongst Forbes 48 Heroes of Philanthropy in Asia Pacific. ¶In 2010,he received Dataquest Lifetime Achievement Award. ¶Since mid-1990s has focused his efforts in developing the educational system of India through the Shiv Nadar Foundation

4. Early Life ¶Shiv Nadar was born in 1945 in Magliozzi village, near to Trochanter in Toothed district, Tamil Nadu. ¶His parents were Sivasubramanian and Vasundhara Devi. ¶Shiv's mother, Vasundhara Devi, is the sister of S. P. Athanor, founder of Dina Thandi newspaper.



5. Early Education ¶ Pre – Graduation Education from Madurai American College ¶ Got Degree in Electricals and Electronics Engineering from P.S.G College of Technology, Coimbatore

6. Career ¶Nadar began his career at Watchband group's Cooper Engineering in Pune in 1967. ¶He soon gave it up to begin his own venture, in partnerships with several friends and colleagues. ¶These partners were Ajai Chowdhary (Ex-Chairman, HCL Info systems) Arjun Malhotra, Subhash Arora, Yogesh Vaidya, S. Raman, Mahendra Pratap and DS Puri

7. HCL in First Decade ¶ The initial enterprise which Nadar and his partners began was Micro comp, a company which focused on selling tele digital calculators in the Indian market. ¶ HCL was founded later, in 1976, with an investment of Rs.187,000. ¶ The company enjoyed unexpected gains when companies like IBM left the country because of the policies incorporated by the then Industrial Minister George Fernandes, providing Shiv Nadar with a wide market space for his microcomputer in India.

8. ¶In 1980, HCL ventured into the international market with the opening of Far East Computers in Singapore to sell IT hardware. ¶The venture reported Rs.1million revenue in the first year and continued to address the Singapore operations. ¶Shiv Nadar remained the largest shareholder without retaining any management control.

9. HCL in Second Decade ¶After expansion of business, Mr. Nadar decided to increase demand for IT education and Computer Training. ¶ In 1981 he setup NIIT to impart high quality education. ¶ In 1984, government opened computer market and permitted import of technology.

10. ¶In 1991 HCL entered partnership with HP(Hewlett- Packard)to form HCL HP Ltd. ¶ Looking beyond PCs, HCL tied up with Nokia for distributing cell phones and with Ericsson for distributing switches. ¶In 1996 HCL became an enterprise which comprises two companies listed in India, HCL Technologies and HCL Infosystems.



11. HCL in Third Decade ¶HCL technologies were made public by Shiv in 1999, at the time of Initial Public Offering, HCL was the second largest IT company . ¶With emergence of the Internet in 2000, HCL was left behind by its competitors because of their first crack in the Enterprise application services. ¶He made an effort to tie up together HCL with acquisitions in 2001 and acquired Deutsche Software Limited and Apollo Contact center.

12. ¶By 2004, the number of entities in HCL was consolidated from five to two - HCL Technologies and HCL Infosystems. ¶In 2007, Vineet Nayar was titled as the CEO of HCL Technologies and Nadar continues to be the Chairman of HCL Technologies and also its largest shareholder

13. HCL Infosystem's Leadership Initiatives ¶They gave the country's first DeskTop PC ¶India's first branded home PC ¶ Beanstalk was launched in 1995 by HCL ¶HCL also gave India's first Pentium 4 based PC at a sub 40k price mark ¶They also boast of providing India's first Media Center PC

14. Strengths of HCL Infosystems Ltd ¶They understand the business of the customer and provide the apt technology to them ¶They have a long committed relationship with their customers ¶Customers get their value for money ¶They are the leaders in technology

15. Focus on Education ¶In 1996, Nadar founded SSN College of Engineering in Chennai, Tamil Nadu in the name of his father. ¶Shiv Nadar takes active role in the college activities including gifting of Rs. 1 million worth of HCL shares to the college. ¶ He joined the Executive Board of Indian School of Business in 2005.

16. ¶In 2006, he announced that the college will promote research apart from ensuring that students benefit from foreign university tie-ups. ¶ In March 2008, his SSN Trust announced setting up of two Vidyagyan schools in UP for rural students where free scholarship will be provided for 200 students from 50 districts of Uttar Pradesh.



17. ¶ He visited Town Higher Secondary School on 8 February 2011 and generously donated computers and other equipment worth Rs. 80 lakhs. ¶ He is currently the chairman of IIT Kharagpur, the elite technical institute of India.

18. Shiv Nadar as successful Entrepreneur ¶Mr.Shiv Nadar & his team have proven the technological expertise, the ability to scale up operations or the confident to manage big and critical assignment without a hitch. ¶ HCL today is a conglomerate worth \$4.1 billion. ¶ Staff strength of 47,000 in 17 countries. ¶ More than 500 global clients.

19. PHILANTHROPIC ACTIVITIES ¶Shiv foundation is the philanthropic arm of HCL promoter Shiv Nadar. ¶Shiv Foundation run schools in Uttar Pradesh for underprivileged students. ¶And also runs Shiv Nadar university in greater Noida ¶Foundation invested 400 crores in 2 boarding schools in Uttar Pradesh .

20. Achievements ¶At the time when there were just 250 computers in all in India, at that time Shiv Nadar led a team that was passionate about boasting the growth of the IT Industry. ¶In 1996 Nadar founded SSN college of Engineering in Chennai.

21. ¶He enthusiastically participates in the events and activities of the college. ¶ In March 2008, his SSN Trust declared the establishment of the seven Vidyagyan Schools in UP for rural students where free scholarships will be provided for hundred students from ten districts of UP. ¶ In 2005, he became a member of the Executive Board of Indian School of Business. ¶Shiv Nadar is a member of the governing board of the Public Health Foundation of India.

22. Awards won byShiv Nadar ¶In 1995 he became the Dataquest IT Man of the year. ¶In 2005 he was bestowed with CNBC Business Excellence Award. ¶ In 2006 received an Honorary Fellowship of All India Management Association-AIMA.



23. ¶In 2008 honored by Government Of India with Padambhushan. ¶In 2009 he was counted amongst Forbes 48 Heroes of Philanthropy in Asia Pacific. ¶In 2010 received Dataquest Lifetime Achievement Award.

