



SYLLABUS

B.Com I YEAR

Subject – Entrepreneurship Development

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|------------|---|
| UNIT-I | Entrepreneurship – Definition, Characteristics and importance, Types and functions of an Entrepreneur, merits of a good entrepreneur/motivational factors of entrepreneurship. |
| UNIT – II | (a) Motivation to achieve targets and establishment of ideas, setting targets and facing challenges. Resolving problems and creativity sequenced and guiding capacity, Development of self confidence. (b) Communication skills, capacity to influence, leadership. |
| UNIT – III | Project Report – Evaluation of selected process. Detailed project report – Preparation of main part of project report pointing out necessary and viability. (b) Selecting the form of organization – meaning and committees, elements affecting selection of a form of an organization. (c) Economic management – Role of banks and financial institutions, banking financial plans, working capital – evaluation and management, keeping of accounts. |
| UNIT – IV | Production management – Methods of purchase, management of movable assets / goods. Quality management. Employee management. Packing (b) Marketing management – Sales and the art of selling, understanding the market and market policy. Consumer management, time management. |
| UNIT – V | (a) Role of regulatory institutions-district industry centre, pollution control board, food and drug administration, special study of electricity development and municipal corporation (b) Role of development organization, khadi & villages commission/Board, MP Finance corporation, scheduled banks, MP Women’s economics development corporation. (c) Self-employment-oriented schemes, Prime minister’s employment schemes, Golden jubilee urban environment scheme, Rani durgavati self-employment scheme, Pt. Deendayal self-employment scheme (d) Various grant schemes – cost-of-capital grant, interest grant, exemption from entry tax, project report, reimbursement grant etc (e) Special incentives for women entrepreneurs, prospects & possibilities (f) Schemes of MP Tribal Finance Development Corporation, schemes of MR Antyavasai Corporation, schemes of MR Backward Class and Minorities Finance Development Corporation. |



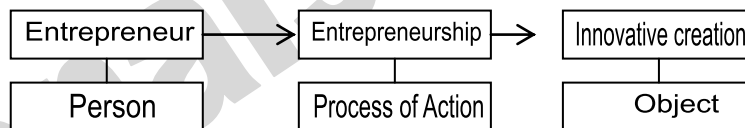
UNIT - I

The concept of Entrepreneurship has assumed prime importance for accelerating economic growth both in developed and developing countries. It is a basis of free enterprise. It promotes capital formation and creates wealth in the country. It is the hope and dream of millions of individuals around the world. It has the thrill of risk, change, challenge and growth. It builds wealth. It is a pathway to prosper. It reduces unemployment and poverty.

MEANING OF ENTREPRENEURSHIP

Entrepreneurship is the process of identifying opportunities in the market place, arranging resources required to exploit the opportunities for long term gains. It is creating wealth by bringing together resources in new ways to start and operate an enterprise. It is the process of planning, organising, operating and assuming the risk of a business venture. It is the ability to take risk independently to make more earnings in the market oriented economy.

It refers to a process of action an entrepreneurship undertakes to establish an enterprise. It is a creative and innovative skill and adapting response to environment. This concept can be seen in



DEFINITIONS OF ENTREPRENEURSHIP

After looking at various definitions of entrepreneurship, we can conclude the entrepreneurship.

- (1) Classical View : This view is expressed by classical economists like Cantillon, Frank Knight, Adam Smith, J.B. Say, J.S. Mill, David Ricardo etc. It involves:
 - a) ability to bear the risks and uncertainties of business.
 - b) ability to organize and co-ordinate productive resources.
 - c) Ability to convert productive resources into a productive entity through superintendence and control.
- (2) Neo-Classical View: This view is expressed by economists like Walters, Alfred Marshall and Joseph Schumpeter, According to this view, entrepreneurship is:
 - a) the ability to direction and control.
 - b) the ability to bring new changes.
 This view applies to new developing economics.
- (3) Modern View: The new view of entrepreneurship is innovative. It is the ability:
 - a) to create changes to exploit them.
 - b) to explore and to maximise opportunities to obtain results.
 - c) to innovate new things and to create unique or at least distinct in a meaningful area.
 - d) to earn economic results only by leadership, not by mere competence.
 - e) to allocate resources to opportunities rather than problems.
 - f) to create effectiveness rather than efficiency.
 - g) to redirect resources from areas to low or diminishing returns to areas of high or increasing results and to optimize the yield from these resource.
 - h) to create tomorrow.

The concept of entrepreneurship is depicted in

CONCEPT

| Entrepreneur | Entrepreneurship |
|-----------------|------------------|
| Refer to person | Refer to Process |
| Visualizes | Vision |
| Origination | Organization |
| Innovator | Innovation |
| Planner | Planning |



| | |
|----------------|-----------------|
| Leader | Leadership |
| Decision Maker | Decision making |
| Motivation | Motivation |
| Initiator | Initiative |
| Communicator | Communication |
| Programmer | Action |

NATURE AND CHARACTERISTICS OF ENTREPRENEURSHIP

The main features of entrepreneurship are described below:

1. Economic
2. Creative and
3. Purposeful Activity
4. Risk bearing Capacity
5. Ability to Innovate
6. Business Oriented Tendency
7. Organising Function
8. Managerial and Leadership Function
9. Knowledge based Practice
10. Not a Personality Trait, but Behaviour
11. Based on Principles, not on Intuition
12. Essential in Every Activity
13. Management is the Vehicle of Entrepreneurship
14. Low Risk
15. It is not a Natural but an 'Achieved' Work

IMPORTANCE AND BENEFITS OF ENTREPRENEURSHIP

The importance of entrepreneurship can be discussed in two ways:

A. Importance to the Entrepreneurs and the Common Man

1. Provides Independence
2. Means to Earn a Good Living
3. Realising One's Full Potential
4. Opportunity to Reap High Profits
5. Enjoys Social Status
6. Work as Fun
7. Hero Status
8. Self-Reliant and Self-Sustaining Lifestyle
9. Contributes to Women Liberty
10. Offers Part-Time Job Opportunities
11. Family Support
12. Realising Dreams

B. Importance to the National Economy and Society

Entrepreneurship is basic source of productive economic energy. It fasters economic growth; it increases productivity; it creates new technologies, products, and services; and it changes and rejuvenates market competition. The significance of entrepreneurship to the national economy and society are :

1. Dealing with Uncertainty
2. Innovation
3. Job Creation
4. Managing resources
5. Capital Formation
6. Economic Growth
7. Technological Advancements
8. Marketplace Change
9. Contribution to Large Businesses
10. Provides International Opportunities
11. Social and Ethical Awakening

Entrepreneur

The spirit of enterprise makes man an entrepreneur. An entrepreneur is a person who sets up business of an enterprise. He is one who has the capability of risk-bearing, initiative and skill for innovation. He looks for high achievements. He is a creative thinker; an individual who combines in himself the role of innovator is creative thinker, individual who combines in himself the role of innovator and risk-bearer. The word "entrepreneur" is derived from the French word entrepreneur. It means "to undertake". In the early 16th century, the Frenchman who organised and led military expeditions were referred to as 'entrepreneurs. Till 1800, this concept was used by French economists for adventurers, government contractors, architects, cultivators, trader—those who bough labour and material at uncertain priced and sold the resultant product at contracted prices, and those who risked capital in manufacturing. Later on, entrepreneur was considered as a coordinator who combined all means of production



functions, and techniques. Schumpeter emphasized innovative aspect more than managerial aspect. To McClelland (1961) entrepreneur is one who likes to take reasonable risk, and who has high degree of need for achievement motivation.

TYPES/CLASSIFICATION OF ENTREPRENEUR

Entrepreneurs are found in every system and in every form of economic activity. They are found amongst artisans, traders, importers, engineers, exporters, bankers, industrialists, farmers, forest workers, tribal's, professionals and so on. They are also found among politicians, theologians, bureaucrats etc. The nature of entrepreneurs differs according to their functions.

The various types of entrepreneurs are classified on certain bases. Some important classifications are discussed below:

I. On the Basis of Stages of Economic Development

Clarence Danaher classifies entrepreneur into four types :

1. **Innovative:** An innovating entrepreneur is one who introduces new products, new methods of production and new technology.
2. **Imitative or Adoptive:** Imitative entrepreneur is characterised by readiness to adopt successful innovation initiated by innovating entrepreneurs.
3. **Fabian:** Fabian entrepreneurs are lazy and shy. They lack the will to adopt new methods of production.
4. **Drone:** Drone entrepreneur is one who follows the traditional methods of production.

II. On the Basis of Attitude and Knowledge

Author H. Cole classified entrepreneurs as :

1. **Empirical :** He hardly introduces anything revolutionary.
2. **Rational :** He introduces changes which look more revolutionary.
3. **Cognitive :** He draws upon the advice and services of experts. He introduces changes that reflect complete break from the present situations.

III. On the Basis of type of Business Occupations

We may broadly classify them as follows :

1. **Business Entrepreneur :** They conceive an idea for a new product or services and then create a business to materialize their idea into reality. They exploit new business opportunity. They set up and promote business units.
2. **Trading Entrepreneurs:** They undertake buying and selling activities. They are not concerned with the manufacturing work.
3. **Industrial Entrepreneur:** He is product-oriented man. He makes long-run plans in terms of new products, tomorrow's markets and future growth. He converts resources into economic utilities and values.
4. **Corporate Entrepreneur:** Such an entrepreneur has vision and imaginative skill to organise and manage a corporate undertaking. He plans, develops and creates a corporate legal entity.
5. **Agricultural Entrepreneur:** Such entrepreneurs undertake agricultural activities. They raise and market crops, fertilisers and other inputs of agriculture.

IV. On the Basis of Use of Technology

1. **Technical:** Such entrepreneur possesses technical expertise and know-how.
2. **Non-Technical:** He simply deals with developing alternative marketing and distribution strategies to promote his business.
3. **Professional:** Such entrepreneur is interested in establishing a business. He takes no interest in managing or operating it once it is established.

V. On the Basis of Ownership



1. Private: Private entrepreneur is motivated by profit. He never enters those sectors of economy in which prospects of earning profit are discouraging.
2. Public: In the underdeveloped countries the government acts as entrepreneur and undertakes economic activities with the object of public welfare and prosperity. The government runs the enterprises to promote development of the country.
3. Joint: Joint enterprises is a partnership is an association of persons who have voluntarily joined together to achieve common economic ends. Its main object is rendering services to its members. Members make equitable contributions to the capital required.
4. Co-operative: Co-operative entrepreneurship is an association of persons who have voluntarily joined together to achieve common economic ends. Its main object is rendering services to its members. Members make equitable contribution to the capital required.

VI. On the Basis of Stage development

1. First generation entrepreneur
2. Second generation
3. Classical/ Third Entrepreneur

VII. On the Basis of gender

1. Man entrepreneur
2. Young entrepreneur
3. Old entrepreneur
4. Women entrepreneur
5. Middle aged entrepreneur

VIII. On the Basic of Area

1. Rural entrepreneur
2. Urban entrepreneur

IX. On the Basis of the Scale of Entrepreneurs

1. Small Scale Resources: this entrepreneur is found in the underdeveloped countries. He does not possess the necessary abilities and resources to initiate large scale production. He is not able to introduce revolutionary technological changes.
2. Large Scale : Large scale enterprises are established in the developed countries. Big entrepreneurs possess huge capital resources, necessary technical and skill to introduce new production changes.

X. Other Types of Entrepreneurs

1. Pure Entrepreneur : He is motivated by psychological and economic rewards. He starts activities for his personal satisfaction is work, ago or status.
2. Induced Entrepreneur : Such entrepreneur is induced to take up an entrepreneurial task due to the policy measures of the government.
3. Motivated Entrepreneur : Such an entrepreneur is motivated by the desire for self-fulfilment. He is also motivated by the desire for innovations and profit.
4. Growth Entrepreneur : These entrepreneurs choose an industry which has high growth prospects.
5. Super-Growth Entrepreneur : He is an individual who has shown enormous growth performance in has venture.
6. First-Growth Entrepreneur : He is one who starts an industrial unit by means of an innovative skill.
7. Modern Entrepreneur : He is one who undertakes those ventures which go well along with the changing demand in the market. He cares for the current marketing needs.



8. Intrapreneurs : It is the practice of beginning and developing new business ventures within the structure of an existing organisation. Intrapreneurs found their management not receptive to new ideas. Hence they left their parent organisation and started ventures of their own.
9. Copreneurs : It is related to the married couples working together in a business. When a married couple shares ownership, commitment and responsibility for a business, they are called 'copreneurs'.
10. Young Entrepreneurs : Today young people are choosing entrepreneurship as their primary career path. They are setting the pace in starting businesses.
11. Part-Time Entrepreneurs : Starting a part-time business is a popular gateway to entrepreneurship. Part-time entrepreneurs can easily enter into business without sacrificing their service benefits. They have lower risk in case the venture flops. Many part-timers can test their "entrepreneurial skill" to see whether their business ideas will work or not.

FUNCTIONS OF AN ENTREPRENEUR

An entrepreneur performs all the necessary functions which are essential from the point of view of operation and expansion of the enterprise. The main functions of entrepreneur are as follows :

- | | |
|---------------------------------|--------------------|
| 1. Planning | 5. Decision-Making |
| 2. Risk and Uncertainty Bearing | 6. Innovation |
| 3. Organisation Building | 7. Leading |
| 4. Managing | 8. Managing Growth |

CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Considerable research has been dedicated to the task of identifying the traits and characteristics of the typical entrepreneur. According to John Hornaday the characteristics of successful entrepreneurs are as follows:

- | | |
|------------------------------------|---------------------------------------|
| • Self-confidence | • Perseverance, determination |
| • Energy, diligence | • Resourcefulness |
| • Ability to take calculated risk | • Need to achieve |
| • Creativity | • Initiative |
| • Flexibility | • Independence |
| • Positive Response to Challenges | • Foresight |
| • Dynamism, Leadership | • Profit orientation |
| • Ability to get along with people | • Perceptiveness |
| • Responsiveness to suggestions | • Optimism |
| • Responsiveness to criticism | • Versatility |
| • Knowledge of market | • Knowledge of product and technology |

Motivational Factors of entrepreneurship

Motivation of entrepreneurs leads to the motivation of entrepreneurs. Main motivational factors of entrepreneurship are -

1. Internal Factors – The internal factors of motivation constitute the personality of the entrepreneur and thereby create an inclination to adopt entrepreneurship. internal factors which motivate the entrepreneurship are –
 - a. Educational background
 - b. Occupational experience
 - c. Willingness to do something new.
 - d. Willingness to work for betterness of hometown or nation.
 - e. Willingness to be technically and economically independent
 - f. family background



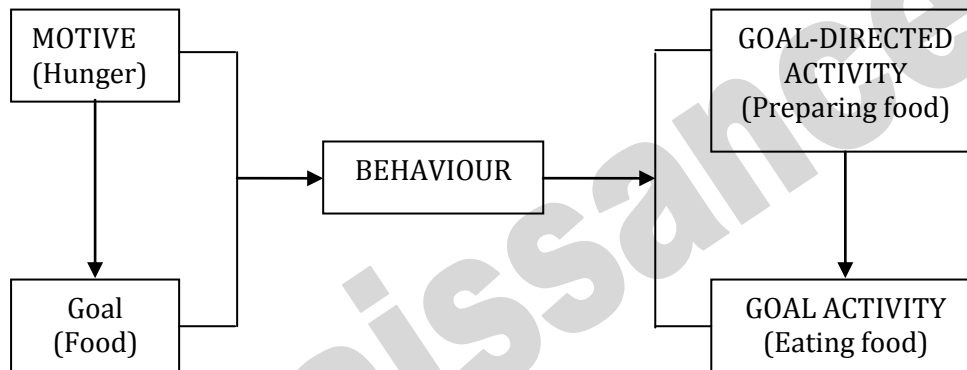
2. External Factors – Though presence of internal motivation factors is helpful in development of entrepreneurship in any country yet presence of internal factors can fruitify with the presence of external factors of motivation. The main external factors are -
- a. Assistance from financial institutions
 - b. Assistance from state government and Central government
 - c. Availability of raw materials
 - d. Availability of trained and untrained labour
 - e. Availability of consultancy
 - f. Encouragement from public
 - g. Cooperation of heavy industries
 - h. Heavy demand for the product
 - i. Support of friends, relatives and other close persons.
 - j. Compelling conditions to adopt entrepreneurship.
 - k. Availability of sick industrial units at low prices.

The role of external motivation factors in development of entrepreneurship is more effective than the role of the internal motivation factors.

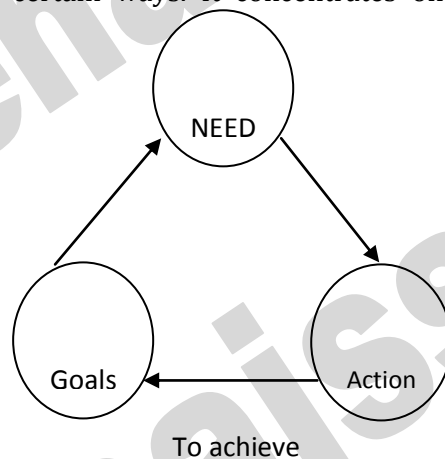


Unit - 2 MOTIVATION

The term motivation derives from the Latin Word mover, which means "to move". Motivation is the process by which behaviour is mobilized and sustained in its particular direction. It is in fact impossible to determine a person's motivation until he behaves or acts.



Motivation is an urge or inducement. It originates within an individual. It is the set of forces that cause people to behave in certain ways. It concentrates on factors that arouse or energize a person's activities.



1. Maslow's Need Hierarchy theory
According to Abraham H. Maslow, the behaviour of a person or an entrepreneur is motivated by various needs which are as follows:
 - a. Physiological needs
 - b. Safety and Security needs
 - c. Social needs
 - d. Self-actualization needs
 - e. Ego needs
2. McClelland's Acquired needs theory
According to David C. McClelland of Harvard University, USA, a person acquires three types of needs any time. In other words the needs are the result of life-experience. These needs are:
 - a. Need for affiliations which imply the desire to establish and maintain friendly and warm relations with others.
 - b. Need for power which means the desire to dominate and influence others by controlling their actions and the use of physical objects.
 - c. Need for achievement (N-Ach) which refers to the desire to accomplish something with one's own efforts. It is the urge to excel or the will to do well.

McClelland suggested that entrepreneurs have high need for achievement. People with high achievement motivation are characterized by the following:



1. They set moderate, realistic and attainable goals or targets.
2. They take calculated risks.
3. They prefer situations wherein they can take personal responsibility for solving problems.
4. They want concrete feedback on how well they are doing.
5. Their need for achievement exists not merely for the sake of economic reward for social recognition rather personal accomplishment is intrinsically satisfying to them.

Motivation to achieve targets

The motivations which motivate an entrepreneur to achieve the targets are as follows:

1. Urgent needs
2. Desire to Compete others
3. Desire to being busy in target achievement
4. Ambition to become prosperous
5. Ambition for advancement nation

Characteristics of Motivation

1. Energetic force
2. An internal feeling
3. Goal-directed behaviour
4. Either positive or negative
5. Person in totality, not in parts, is motivated
6. Individual differ in their motivation
7. Motivation is not always conscious and visible
8. Motivations changes
9. Individual phenomenon
10. More than mere techniques
11. Process-oriented
12. Complex process

Objects of Motivation

The primary-purposes of motivation in an organization are follows:

1. To submit employees to perform effectively
2. To channelize behaviour into a specific course
3. To understand individuals motives, needs, aspiration.
4. To encourage employees to stay with the organization.
5. To predict, to change, and even to control future behaviour
6. To create enthusiasm; initiative,- and loyalty.
7. To direct and sustain behaviour towards the accomplishment of organizational goals.
8. To effectively utilize the resources-financial, physical and human-of the Organization.
9. To raise the morale and level of satisfaction of employees.
10. To build good human relations and teamwork.

Importance of motivation

1. Achievement of organizational goals
2. Crucial role in management
3. Satisfaction of employees needs
4. Creating enthusiasm and interest in work.
5. High level of performance
6. Low absenteeism and turnover
7. Effective utilization of resources
8. Use of "complex man"
9. Arranging job relationships
10. Facilitates change
11. Employing "whole man"
12. Builds morale

TYPES OF MOTIVATION

1. Negative and Positive Motivation
2. Extrinsic and Intrinsic Motivation
3. Financial and Non-financial motivation

ESSENTIALS OF A SOUND MOTIVATION SYSEM



Koontz and O' Donnell write that "a sound motivational system must be productive, competitive, comprehensive and flexible. Broadly speaking, a sound motivational system has the following elements:

1. Proper diagnosis
2. No overnight results
3. Sound reward system
4. Manager is the key element
5. Recognition of individual differences
6. Challenging and attainable goals
7. Role of money
8. Active cooperation of employees
9. Work culture
10. Dynamic system

Motivation to Achievement Targets

A person may have tremendous capacity to work, but his capacity would be of no use unless he is willing to work. To stimulate a person's willingness work, can be called motivation. Motivation includes all those activities which can successfully invoke a person's willingness to work more efficiently and effectively. For development of an organization it is essential that the people working in the organization are motivated to contribute their best. Motivation plays a significant role in getting Work done from the people. The importance of motivation can be given as follows:

1. Attainment of Organizational goals
2. Development of Cordial Human Relations
3. Maintain Competent Persons in the organization
4. Boosting Morale, of the Employees
5. Increase in the Productivity of Workers
6. Reduction in the Cost of Production.

Objective or Advantages of Targets Setting

1. Clearly defines target have a big role in designing planning. No planning is possible without well defines targets.
2. A well-defined set of targets help in the process of coordination and direction of activities of the employees of an organization.
3. Targets help to define unproductive i.ad unwarranted activities
4. Targets motivate people and management.
5. Targets lay down the parameters to evaluate performance of an organization.
6. Targets help in the process of controlling business operations.
7. Management by objective entirely on definition of targets.

Essential of targets or Targets Setting

When setting targets, it is important to consider the following essentials of good target

1. The targets should be 'SMART' that is, they should be Specific, Measurable, Achievable, Realistic and Times bound.
2. The targets should be definite, clear simple and easy to understand.
3. The targets should be in accordance with the overall objectives of the organization.
4. The targets should be practical and stable but should be able to become flexible at the time of need.
5. The targets should incorporate all the eventualities which may possible confront the organization.
6. The targets should consider all relevant fact influencing the organization
7. The targets should be in consonance with the public interest and common good.
8. The targets should prescribe detailed objectives and should not simply give general statements.
9. The targets should be in writing
10. The targets should provide for present and future activities.

Resolving Problems and Creativity

Following are the various features of problems resolving:



1. Problems resolving is undertaken for the fulfillment of predetermined objectives.
2. Problems resolving is a human function.
3. Problems resolving involves use of rational and logic.
4. Problems resolving includes selection of the best solution amongst various alternatives available.
5. Problems resolving may relate to doing something or not doing something
6. If necessary, advice of experts may be sought, in the Process of problem resolving.
7. Problems resolving can be done by an individual or by a committee.
8. Time is an important factor of problem resolving, as it requires right decision at the right time.

Steps Involved in Problem Resolving Process

1. To understand the Problem
2. Analysis of Problem
3. Determining and Developing Possible Alternatives.
4. Evaluation of alternatives
5. Selection of the Best Alternative's
6. Execution of Decision
7. Review and Revision

CREATIVITY

Meaning of Creativity

Creativity is the ability to bring something new into existence. It is sometimes considered as synonym for innovation, which refers to the translation of an idea into implementation. Creativity requires a person to develop new alternatives and offer new innovation solutions for different scenarios. This can be done either by adding new product features, cutting costs, automation of process or just simplifying Operations. Creativity helps the entrepreneurs in finding solutions to the problems, handle adversity and exercise control over business. It thus, helps the individuals not only in doing different things differently.

Process of Creativity

1. Desire
2. Information & Preparation
3. Incubation
4. Idea Generation
5. Idea Verification
6. Outcome Assessment

Establishment of Ideas

The business ideas are generated internal and external sources.

Business Ideas from Internal sources

1. The idea of new designing of product
2. The idea of producing substitute product
3. Idea of setting new service industry
4. Idea of conservation and processing agriculture and food articles
5. Idea of optional use of natural resources
6. Idea of quality improvement
7. Idea of new process of marketing

Business ideas from External Sources

1. List of items reserved by the Central and State Government for exclusive production in the small sector
2. Items reserved exclusively purchase from small scale industries under the Central Store Purchase Programme of the Government
3. Professional journals, trade journals, etc. catering to particular interest such as electronics, components, oil and vanaspati.



4. Success stories of entrepreneurs,
5. Trade fairs and-exhibitions displaying new products.
6. Government agencies like SIDO, NSIC etc.
7. Market surveys to know new trends in fashions.
8. Technical and management consultants.
9. Project profiles for various small scale industries

The external sources too help in generation of ideas.

An entrepreneur should evaluate all the business ideas generated front Internal and external sources and select the most appropriate and profitable ideas. Thus establishment of ideas takes Place.

SETTING TARGETS

Selection of target should be done very carefully. For setting the target, proper selection of target is very essential. Main components of such environment which should be taken into mind before setting the target are as follows:

1. Priorities and policies of the government.
2. Assistance and facilities offered by various states.
3. Various organizations assisting entrepreneurs
4. Incentives for starting industry.
5. Government store purchase programmes.
6. Licensing and registration requirements.
7. Policies and regulations concerning imports and exports, excise and sales tax, factories Act. foreign collaborations, etc.

FACING CHALLENGES

The challenges to be faced by any entrepreneur are as follows:

1. Arrangements of finances
2. Procurements of land/ shed
3. Shortage of raw material
4. Shortage of trained and untrained labour
5. Un continuous supply of electricity
6. Insufficient sale of products
7. Labour strikes and closures

Maintaining foresightedness, patience, courage, balance of mind, discarding shyness, hesitation, taking guidance of consultancy firms and assistance from governmental and non-governmental institutions entrepreneurs can easily face all the challenges coming in their way

COMMUNICATION

The word communication has come from Latin Word "communicate" which means common/ share. The primary element in the skill of management is communication. It is a tool with which we exercise Influence on other, bring, about changes in the attitudes and views of our associates, motivate them and establish and Intimate relation with them.

Characteristics of Communication

1. Unintentional and intentional
2. A dynamic Process
3. Systematic Process
4. Interactive and transitive

Communication Process

The-communication of process consists of the components.

Sources

This is the sources of information or the initiator of communication. This source of the message sender may want to communicate his ideas, needs, intentions or other piece of information.



The message

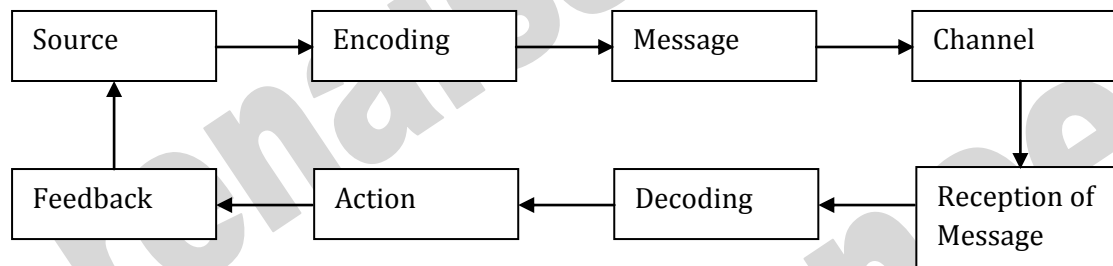
The message is the physic form of the though which can be experienced and understood by one or more senses of the receiver. It could be in such forms thin requires either hearing, reading or other forms of gestures.

Encoding

Encoding is the process inside the human mind or brain in the form of motor skills muscle System or sensory skills that encode the ideas to be conveyed into a series of symbols or gestures or some other format of gestures.

Channel of Communication

The vehicle used in the transmission of the message is called channel of communication. It is a medium carrier which bridges the gap between the sender and the receiver. It may be a face-to face conversation, a telephone conversation, in which form or through any other form of physical gesture.



Decoding Process

Decoding is done in the same manner as encoding by motor skills, muscles system and sensory skills and receiver decodes the message for the purpose of interpreting and understanding the meaning of the message. The more the sander's intended message matches, the receivers understanding the more effective the communication is.

Action

This is response from the receiver who as received and accepted the communication. This may involve compliance with an Instruction and action upon, it or simply filing of the message for future referenced.

Feedback

A feedback determined whether the message was clearly understood and the required and taken. The feedback of the sender completes the process of communication.

Essential of good Communication

1. Clarity – Clarity of idea, facts, and opinion in the mind of communication should be clear before communication. It is a thinking process to conceive the subject.
2. Information: - All Communication contains information while all information cannot communicate a message.
3. Completeness: - The subject matter to be communicated must be adequate and full so that receive set the message.
4. Emphasis on Attention: - Effective communication is one in which receiver interest is created and they should pay proper attention to the message.
5. Consistency: - The message transmitted should not be contradictive.
6. Simplicity – Avoid using superfluous' words unnecessary prepositions, jargon
7. Follow up on Communication: - The language should be simple & only Common-words are used.
8. Support words with deeds
9. Be a good listener
10. Credibility



11. Context: - The communication program must square with the qualities of its environment.
12. Content: - The message must have meaning for the receiver.
13. Capability: - Communication must take into account the capability of the audience.
14. Channels: - Channel of communication should be used according in receivers respects.

LEADERSHIP

Leadership is a dynamic force in management. It directs and integrates the work efforts. It is the leader who influences the behaviour of others and ensures the success of organization.

CONCEPT OF LEADERSHIP

Leadership has three main meanings-First, it is an attribute of a particular position. Second, it is the trait of personality or characteristics of a particular person. Thirdly, leadership is a kind of behaviour, it is the way or style of influencing others. In simple words, leadership is the process of directing others towards the accomplishment of goals. It is the ability to influence the behaviour of others to accomplish particular goals.

Thus, leadership and interpersonal process of directing and influencing the behaviour of others towards the attainment of particular goals.

NATURE OR CHARACTERISTICS OF LEADERSHIP

1. Personal ability
2. Followership
3. Influencing behaviour
4. Interpersonal relationship
5. Mutual goals
6. Its essence is performance
7. Exemplary conduct
8. Leadership is situational
9. Assumption of responsibility
10. Importance of communication
11. All managers are not leaders
12. Leadership may be formal or informal
13. Four-faceted concept
14. Process

Its outcome is some form of goals accomplishment.

FUNCTIONS OR TASKS OF A LEADER

Some important functions of a leader are

1. Formulate purpose
2. Inspire and initiate actions
3. Administer the organization
4. Interpret Reasons
5. Represent the institution
6. Group interaction
7. Goal accomplishment
8. Develop teamwork
9. Direct and discipline the employees
10. Ordering of internal conflict
11. Defend the organization's integrity
12. Maintain stability



UNIT-III

Meaning of Project Report –

A project report can best be defined as a well evolved course of action devised to achieve the specified objective within a specified period of time. So to say, it is an operating document.

Webster New 20th Century Dictionary defines as “a report on a project as a scheme, design, a proposal of something intended or devised. It is written statement of what an entrepreneur propose to take up.”

Contents and format of project report –

A project report may be prepared in different ways by different entrepreneurs. There is no standard pattern for it. However, it must contain all information's necessary to appraise it. The amount of information's to be furnished in the report depends upon the size of the unit, the nature of production and the amount of the finance required. However, a project report should contain mainly the following set of information in general:

- 1) **General Information:** It may include the information about the following:
 - a. Name and address of entrepreneur.
 - b. Qualification experience and capabilities of the entrepreneur.
 - c. Profile of the industry to which the project belongs.
 - d. Constitution and organizational structure of the enterprise-whether sole trader or partnership, and if partnership, whether registered or not.
 - e. Registration certificate from the Directors of Industries/DTC, whether obtained or to be obtained.
 - f. Range of products to be manufactured and their utility
 - g. Competitive advantages of the proposed product over its substitutes
 - h. Government policies and export potential.
 - i. Industry profile.
- 2) **Project Description:** Under this head, different of physical infrastructure and other facilities regarding the project are given. Generally, the particulars relate to the following:
 - a. Site
 - i. Proposed location with address
 - ii. Whether owned of leasehold land
 - iii. Is it approved industrial area?
 - iv. Reasons for selecting the areas
 - v. If in a residential area – Whether no objection certificate has been obtained?
 - b. Infrastructure: Describe physical facilities available for the proposed project.
 - c. Raw Materials
 - i. Availability, quality and feasibility of procurement
 - ii. Sources and total value
 - iii. Whether license has been obtained in case of improved raw materials.
 - d. Personnel
 - i. Whether skilled labour i.e. required
 - ii. Arrangements to train labour
 - iii. Requirement of factory staff, administrative staff and sales staff.
 - e. Utilities: The cost of utilities like power, water, fuel, coal, oil, etc. should be mentioned.
 - f. Disposal of Waste
 - i. Whether the projects involves production of waste material of emissions
 - ii. Provision for dumps, sewage system and sewage treatment plane
 - g. Machinery, Equipment and Common Facilities
 - i. Complete list of all equipments
 - ii. Sources of supply of capital equipments
 - iii. What will be installed licensed capacity of machines and equipments
 - iv. Availability of common facilities like machine shops, welding shops, electrical shops, etc.



- h. Transport and Communication
 - i. Available and potential means of transportation
 - ii. Available communication facilities like telephone, telex, etc.
 - i. Manufacturing Process and Technology
 - i. Various stages of production and process involved
 - ii. Technology used and arrangements to acquired the know-how
 - j. Plant and Quality
 - i. Capacity of various plants
 - ii. System designed to check the quality of products
 - iii. Probability of obtaining quality marks like 'ISO' or 'AGMARK' for the products
 - k. Research and development
 - i. Steps for the improvement of product quality
 - ii. Whether to set up research cell
- 3) **Market Potential:** The entrepreneur should state in his project report the potentialities for the marketing of his products. A detailed market survey should provide demand information and survey position, competitor's position, price, marketing strategy, after-sales services, provision of transport facility, etc.
- a. Demand and Supply Position
 - i. Total expected demand for the proposed product
 - ii. Supply position of that product in the market
 - iii. The gap between the demand and supply and how much of this gap will be met by the proposed unit
 - b. Cost and Price Position
 - i. An estimate of manufacturing and other administrative expenses
 - ii. An estimate of the price expected
 - iii. Competitor's present selling price
 - iv. An assessment of the margin of profit on the basis of cost and price estimates.
 - c. Marketing Strategy
 - i. What will be sales strategy?
 - ii. Trade agreement with distributors
 - iii. Whether there is any arrangement to use the trade mark of reputed companies on the proposed products?
 - d. Seasonality and Transportation
 - i. Whether the sale of the proposed product is seasonal?
 - ii. Arrangement proposed for starting and stocking of the goods.
 - iii. Position of transportation means
 - iv. Probable cost of own transport means.
- 4) **Capital, Costs and Source of Finance:** An estimate of the capital expenditure to be incurred by the unit on various items should be in the report. This estimation should be accurate. Inadequate estimate of funds may create serious problems. The various components of costs may relate to the following:
- a. Land and building cost
 - b. Cost of plant and machinery
 - c. Installation charges
 - d. Cost of furniture and fixtures, vehicles, tools, and other office system.
 - e. Contingency provision against future rise in price or to meet unforeseen expenditures.
 - f. Margin for working capital
 - g. Development expenditure to be incurred on land and building
 - h. Preliminary expenses and preoperative expenses.
 - i. Cost of spares, repairs and maintenance
 - j. Cost of off-site facilities and utilities
 - k. Pre-commissioning and commissioning expenses



- 5) **Working Capital Requirement:** While estimating the capital costs, margin for working capital has to be taken into account. The estimates of the working capital requirement should be made and shown with the total cost of the project itself. Different components of working capital requirements should be analyzed keeping in mind the production cycle and expected cash flows from the product. The working capital calculation involves the following:

Banking:

According to Mac Donald and Keith word 'Bank' has been evolved from word "Banke" of German language. According to Oxford Dictionary, "Bank is that institution, which deposits the money received from public or its customers. Its main function is to pay their cheques. It earns profit with the use of that money which has been deposited by customers in bank not using it."

Commercial banks provide economic assistance to entrepreneurs in following forms of loans and schemes

- | | |
|------------------------|----------------------------------|
| 1) Term loans | 3) Special schemes of assistance |
| 2) Installments credit | 4) Credit guarantee scheme |

Types of Banks

- | | |
|----------------------|-------------------------------------|
| 1) Commercial banks | 5) Exchange banks |
| 2) Central banks | 6) Indigenous bank |
| 3) Industrial bank | 7) International banking institutes |
| 4) Agricultural bank | |

Functions of Commercial Banks -

Main functions of commercial banks are as follows:

- 1) **Primary functions** - In primary functions we include -
 - a. Acceptance of deposits - This is the most important function of commercial banks. Banks accept deposits from persons, firms and institutions. The deposits can be many types as follows -
 - a. Demand deposit (current account)
 - b. Saving bank account
 - c. Home safe deposit
 - b. Lending of money - The second important function of commercial banks is lending of money. Bank earns profit through lending money. When banks lend money to its customers, it wants some sort of security.
 - c. Discounting of bill of exchange B/E and P/N - Third important function of commercial bank is to discount B/E and P/N of his customers at a discount and thus give him financial assistance in times of need. For this service, bank charges some commission or discount.
- 2) **As Agent of customers** - Commercial banks also provide some of the important services as an agent to the customers and hence these are 'agency services'. These services are as follows -
 - a. To make payments and also to receive payments on behalf of customer.
 - b. Payments and realization of interest of dividend on behalf of customer.
 - c. Sale and purchase of debenture.
 - d. Provision of remitting facility of customer.
 - e. To work as trustee or executor of deceased on behalf of the customer.
 - f. To advise the customer from time to time and to work as his representative or grant in time of need.
- 3) **Other general utility service of banks** - Besides, above functions, banks also perform certain functions which are called general utility services. Such important services are given below -
 - a. To provide facility to lockers for safe custody of 'valuables' of customers
 - b. To give customers the "letter of credit" and "travelers cheques".
 - c. To provide its customers with reference about other persons and firms



- d. To provide facility of underwriting
 - e. To accept B/E on behalf of customers.
 - f. To help customers in foreign exchanges.
- 4) **Other financial aspects:** the proposed project would earn sufficient profit only when it is financially sound. The project must be able to retrieve the investments made within its life cycle. For this purpose, the following statements must be prepared:
- a. Cost of total production
 - b. Projected profit and loss account
 - c. Project balance sheet
 - d. Cash flow statement
 - e. Break-even analysis to measure profitability

Forms of organization -

| Merits | Demerits |
|---|---|
| <p>A) Sole Proprietorship</p> <ol style="list-style-type: none"> 1. Objectives of the firm are formulated in an informal manner by the entrepreneur 2. Specialization is restricted to the entrepreneur 3. Authority and responsibility are centered round the entrepreneur 4. Quick and prompt decisions 5. Maximum flexibility in operations | <p>A) Sole Proprietorship</p> <ol style="list-style-type: none"> 1. There is no plan and policy about objectives. 2. No scope for development skill, knowledge, aptitude and ability 3. No scope for coordination of activities 4. Limited managerial ability 5. Lack of continuity ans 6. Instability |
| <p>B) Partnership</p> <ol style="list-style-type: none"> 1. Objectives of the unit are clearly stated 2. Better specialization through division of labour 3. Line of authority specified 4. Authority and responsibility are defined 5. Continuity of work 6. Flexibility in operation | <p>B) Partnership</p> <ol style="list-style-type: none"> 1. Lack of harmony in the event of mutual distrust 2. Restricted growth 3. Lack of public confidence 4. Communication gaps |
| <p>C) Private Limited Company</p> <ol style="list-style-type: none"> 1. Clear-cut-plan and policy 2. Objectives are formally formulated 3. Effective co-ordination. 4. Better specialization through division of labour 5. Authority and responsibility are defined in definite terms. 6. Span of control is well organized 7. Co-ordination of activities 8. Flexible and dynamic | <p>C) Private Limited Company</p> <ol style="list-style-type: none"> 1. Objectives of the firms are formulated in an informal manner by the entrepreneur |
| <p>D) Co-operative</p> <ol style="list-style-type: none"> 1. Objectives are clearly stated 2. Democratic organization 3. Excessive state regulation | <p>D) Co-operative</p> <ol style="list-style-type: none"> 1. Lack of authority and responsibility 2. No coordination 3. Excessive state regulation 4. No scope for specialization 5. Authority and responsibility are not defined 6. Lack of continuity 7. Work is not properly divided |



Financial Institute

| Name | Year | Special features |
|--------------------|------------|--|
| Commercial Bank | 1969 | Pilot scheme |
| SBI along with RBI | 1956 | Credit graduate scheme |
| IDBI | 1964; 1976 | Autonomous – dynamic leader direct & indirect special assistance |
| IFCI | 1948 | Financial loan and short terms need |
| ICICI | 1955 | At Mumbai-private sector finance promotion industrial growth. |
| IRBI | 1971; 1984 | To give life to sick industries |
| IIC | 1956 | Life insurance business |
| UTI | 1964 | Assistance to corporate sector |
| SEC | 1948 | Large sized industries |
| SIDS | 1956 | Promoting industrial development in states |
| SIDBI | 1989 | (IDBI) Lucknow |
| EXIM | 1982 | For export & import activities |

Accounting –

Accounting has been termed as the language of finance. The basic function of a language is to serve as a means of communication. Accounting also serves this function. It communicates the results of business operations to various parties who have some stake in the business viz., the proprietors, creditors, investors, government and other agencies. Accounting is as old as the culture and business.

Origin of institute of Chartered Accounts of India: In 1949, Chartered Accountants Act was passed, according to which the institute of chartered Accountant was established in India under complete autonomy to evolve professional qualified accountants in India.

Scope of Accounting –

In broad perspective an Accounting system should concern itself with the following information's:

- 1) Analysis of past financial data
- 2) Financial data for future plans
- 3) In taking decisions
- 4) Inventory control
- 5) Cost control
- 6) Information about inflation
- 7) Social cost accounting
- 8) Human resources accounting
- 9) Measurement of efficiency

Book Keeping –

Book-keeping of books of accounts. Accounts are maintained in books of accounts as per rules set for the purpose.

Functions of Accounting –

The main functions of a accounting are as follows:

- 1) Entry of business transactions
- 2) Result of economic activity to prepare Profit & Loss account
- 3) Convey the state of affairs of the undertaking
- 4) Provide information for taxation
- 5) Provide information to users, who have interest in the unit
- 6) Provide statistics to government
- 7) Help the decision-makers to take scientific decision.

Features of Book-Keeping –

Book-keeping has the following important features –

- 1) Monetary transactions
- 2) Regular and proper recording
- 3) Accounting is permanent



- 4) Determination of profit or loss presentation of state of affairs
- 5) Book-keeping is both science and art

Difference between book-keeping and accounting -

| S.No. | Basis | Book-Keeping | Accounting |
|-------|-------------------------------------|--|--|
| 1 | Stage | Primary stage, entry in journal and other books of original entry | Secondary stage, primary record is not a part of accounting. |
| 2 | Posting | Classification and ledger posting are next stages of book-keeping. | It is again not a part of accounting |
| 3 | Totaling and balancing | Totaling of books of original entry and ledger accounts and balancing of accounts. | Preparation of trial balance to judge arithmetical accuracy. |
| 4 | Conclusion-Finalization of Accounts | It is not a part of book-keeping | Preparation of profit & loss a/c and balance sheet. |
| 5 | Rectification and Adjustments | Errors and omission are not corrected | These are corrected under accounting process. |
| 6 | Nature | Routine nature of work | Specialized job, requires expert knowledge. |
| 7 | Principles | Book-keeping does not have its independent principles | Rules and principles of recording and presentation are accounting principle. |



UNIT IV PRODUCTION MANAGEMENT MARKETING MANAGEMENT

PRODUCTION MANAGEMENT

Production management covers all the activities of procurement, allocation and utilization of all resources as labour, energy, materials, equipment, machinery, etc.

Applying the principles of management in production is called as production management. It involves planning, organizing, directing and controlling the production system.

Production management is needed to develop and establish close relationship between market demand and production capabilities to the enterprise. .

Activities of Production Management

Following are the main activities of the production management –

1. Production planning and development
2. Production administration (production engineering, production panning and production control).
3. Execution of plans, policies and decisions.
4. Standardization, simplification, specialization, inspection, quality control, inventory control, research and development, diversification, employees' amenities, etc.

Advantages of Good Production Management

Advantages of good production management are as follows –

1. Growth of production
2. Better opportunities of employment
3. Progress of entrepreneurs
4. Development of nation
5. Satisfaction of employees

Production planning

Production planning has two phases –

1. **Prior planning or Preplanning** –
 - a. Estimation of future work (Forecasting).
 - b. Preparation of work authorization (Authorization).
 - c. Product design and development preparation of specifications.
2. **Action Planning** –
 - a. Preparation of work plan (process planning and routing).
 - b. Determination of material requirement (material management).
 - c. Determination of equipments and manpower.
 - d. Loading and scheduling.

Functions of Production Planning

1. Preparation of production forecasts.
2. Compilation of master production schedules or budget.
3. Setting up procurement schedules or budget.
4. Marketing departmental plan or budget.
5. Formulating personnel requirements.
6. Establishing stockroom procedures.
7. Providing inventory controls.

Purchasing Objectives

The main objectives of purchase function are as follows –

1. To maintain regular flow of materials so as to ensure continuity of operations.



2. To maintain proper standards of quality.
3. To avoid duplication, waste and obsolescence of materials.
4. To ensure the firm's competitive position through economical purchasing.
5. To develop and maintain sound relations with the suppliers.

Principles

1. Right quantity
2. Right quality
3. Proper source
4. Right price
5. Proper time
6. Suitable place

Management of Movable Assets/ Goods

Management of movable assets or goods is also commonly known as material management. Material management is of great importance for success of industrial economy.

Inventory and its Management

Inventory is a detailed descriptive list of movable assets which gives tie money and quantity value of each. Inventory includes raw material, work in process, components of finished parts held in storage awaiting use.

Elements and Meaning of Quality

Quality of a product is very important factor to capture the market. Customers prefer a better quality product.

Product quality can be defined "As the composite product characteristics of engineering and manufacture that determines the degree to which the product in use will meet the expectations of the customers."

Elements of Quality

There are some elements which constitute the quality.

1. Quality of Design
2. Conformance Quality
3. Quality of Performance

Meaning of Quality

Considering the elements of quality, it never means the best quality. The requirement is that the quality should be as per specification, so that it can yield long return on the element

To the industry, quality means which can satisfy most of the customer's requirements.

Quality management

Quality control is main feature management. By achieving good quality control we can achieve good quality management.

The following points are should be taken into consideration in this regards-

1. Setting the Standards: Determining the required cost for setting up standards for performance quality, and reliability. The standards are also to be set which can meet the requirements.
2. Appraising conformance: Compare the specifications of the product with that of standards.
3. Acting when necessary: Take necessary corrective actions if and when standards are exceeded.
4. Planning for improvement: Developing the ways and means to reduce the cost and improve the performance and reliability standards.

Advantages of Quality Control



1. It enables the enterprise to determine costs and prices at competitive levels in advance of production.
2. It enables the manufacturer to comply with quality standards prescribed by the government
3. It helps to improve the brand image of the enterprise.
4. It facilitates standardization.
5. It helps to reduce costs.
6. It helps to improve the quality of products.

Employee Management

To maintain the safety of employees/ workers, welfare of employees, good health, suitable conditions of working in industries are some main elements of employee management.

If employees of industries are satisfied with the wages and other facilities provided to them by businessmen then they work hard whole heartedly. As a result growth of industries takes place.

Central Government and State Governments have enacted several Acts/ Laws to protect the interest of employees of industries. These Acts/ Laws are as follows-

1. The Factories Act, 1948
 - a. Definition of Factory
 - b. Health of Workers
 - c. Safety of Workers
2. Other Provisions Wages Act 1Q. Industrial Dispute Acts
3. Safety and Welfare Act
4. Social Security Act.
5. Shop Act
6. Children Protection Act
7. Plantation Act
8. Mines Act
9. Transport Acts
10. Industrial dispute Acts

Social Security and Welfare Measures

Some Act under which social security is being provided to employees are as follows -

1. Work men's Compensation Act, 1923.
2. Industrial Dispute Act, 1947.
3. Employee State Insurance Act, 1948
4. Employee Provident Fund Act, 1952.
5. Maternity Benefit Acts (Various).
6. Other Acts (e.g., Plantation Labour Act and Labour Welfare Act).

Packing

Packing refers to rapping, crating, filling or compressing of products to protect them from spoilage, pilferage, breakage, etc. in the process of transit, storage and use. On the other side, packaging means designing and producing appropriate containers or packagers. A package is any container, wrapper or receptacle used for packing products.

Advantages of Packing and Packaging

Its advantages are as follows-

1. A good package protects the product from damage and deterioration during transportation and storage of materials.
2. The package help to identify the product the indicating its nature and content. By sealing the package, a producer can save the customer from spurious products



3. Packaging facilitates the branding of a product. The brand name and mark can be easily, printed on the package. The package provides individuality and prestige to the product.
4. Packaging reduces the costs of transportation and storage and widens the market.
5. Package often has refuse and resale value for the customer.
6. Packaging aids to increase sales and obtain high prices.

MARKETING MANAGEMENT

American Marketing Association defines marketing management as follows-

"The performance of all the activities that directs the flow of goods from producers to consumers. In other words it involves a chain of process starting with the anticipation, to the demand for its creation, to the task of putting the goods into the hands of the consumers."

The main features of marketing-

1. Customer orientation
2. Marketing research
3. Integrated Marketing

Difference between Marketing and selling

| S. No | Marketing | Selling |
|-------|---|---|
| 1 | Concentrates on consumer's needs. | Concentrates on seller's need. |
| 2 | Customer enjoys supreme Importance | Product enjoys supreme importance |
| 3 | Product planning and development to match products with markets | High pressure selling to sell products already produced |
| 4 | Integrated approach to achieve long term targets. | Fragments approach to achieve immediate benefits. |
| 5 | Converting customer's needs into products. | Converting products into cash. |
| 6 | Profits through consumer's satisfaction | Profits through sales-volume |
| 7 | External market orientation. | Internal company orientation. |

Sales and Art of Selling

Main functions of sales management are as follows -

1. To determine the type and standard of the product.
2. To find most suitable and cheap channel of distribution
3. To estimate the demand of that goods in different markets and in different groups of consumers.
4. To study the competitive position of other's products and substitutes.
5. Possibility of the introduction of same novel-feature in the product.
6. Determine the mode of advertisement.
7. To ensure good looking and cheap packing.
8. To conduct market survey and manage sales forecasting.
9. To coordinate production and sales forecasting.
10. To maintain sales records on scientific and systematic basis, have a periodic study of sales and make suitable changes in rates policies.
11. To manage sales personnel.
12. To assign sales quota to each area and to each salesman.
13. To study the result of sales.
14. To intensively the efforts if sales targets are not achieved.

Demand Forecasting

Successful selling of products is possible by estimation to total demand of any product in market. B estimation of total demand of any product demand forecasting can be made.

1. Market Survey method
2. Statistical method



3. Leading indicator method

Distribution channels

On the basis of number of middlemen involved. Various types of distribution channels are as follows –

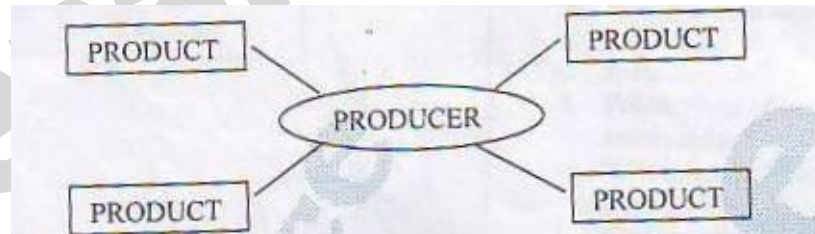
1. Producer → Wholesaler → Retailer → Consumer
2. Producer → Retailer → Consumer
3. Producer → Consumer

Marketing Segmentation and Market Mix

Following variables becomes basis of market segmentation –

1. Geographic segmentation
2. Demographic segmentation
3. Socio-economic variables
4. Psychological variables
5. Education

Market mix



Advertising and Salesmanship

Advertising means presenting utilities, qualities and merits of a product or a service or an idea to an group of customers or consumers in, written (printed), audio or visual form.

Advantages of Advertising

Various advantages of advertising are as follows –

1. It is useful in generating steady demand by smoothening seasonal and other fluctuations in demand.
2. It helps to increase sales volume.
3. It assists in introduction new products.
4. It helps to improve goodwill and employee morale.
5. It provides information and education to consumers.
6. It helps to improve quality and reduce prices for consumers.
7. It generates employment on a large scale.
8. It sustains newspapers and magazines.

Disadvantages of Advertising

1. It creates monopolies and centralization of economic power in few hands.
2. It causes wastages of national resources
3. It undermines cultural and social values.
4. It involves a lot of expenditure which ultimately leads to higher prices.
5. It leads to wasteful consumption.
6. It misguides consumers.

Qualities of a Good Salesman

1. Social attributes
 - a. Ability to mingle and self-discipline



- b. Cheerful attitude
 - c. Liking for people
 - d. Sense of humour
 - e. Conversational ability
 - f. Polite and Good Listener
2. Vocational attributes
 - a. Ambition
 - b. Aptitude and enthusiasm
 - c. Intense education
 - d. Creative ability
 - e. Leadership qualities
 - f. Specialized learning
 3. Physical attribute
 - a. Strong physique
 - b. Capacity of hard work
 - c. Good stamina
 - d. Sufficient tolerance
 - e. Clear voice
 - f. Pleasing and charming personality
 4. Mental attributes
 - a. Self-confidence
 - b. Intelligence
 - c. Initiative and foresight
 - d. Imaginative
 - e. Sharp memory
 - f. Tact patience

Understanding the Market and Market Policy

For understanding the market entrepreneurs should collect various information related to business and should know about various purchase programmes of government to know the market prices.

Collection of Information

1. Primary sources
 - a. Customers
 - b. Dealers
 - c. Salesman
2. Secondary sources
 - a. Government publications
 - b. Publication of financial institutions
 - c. Press
 - d. Publications of trade associations
 - e. Private concerns and research institutions
 - f. Foreign governments and international agencies

Government Purchase Programmes

Knowledge of various purchase programmes helps to understand various market policies as well as helps to increase the sales of products produced by small entrepreneurs. Some purchase programmes of government are as follows-

1. Central Government Stores Purchase Programme
2. Railways, Posts and Telegraphs and Defence
3. Canteen Stores Department (India)



4. Purchases by State Government

Consumer management

By consumer management we mean to provide them the goods or the products of good quality, latest designs, cheaper rates, better utility with ease and to have a good service attitude towards them. Protection of consumers' interest and complete satisfaction of consumers should be motto of consumer management.

Entrepreneurs and government are doing many efforts to provide total or maximum satisfaction to consumers. Doing the branding of products is one such effort which helps consumers to select the items of their Choice. So it is necessary to have some knowledge about branding.

Branding

Branding is the process of assigning a distinctive name to the product by which it is to be known and remembered.

Thus branding of products helps a lot in consumer management. To be sound enough to provide these benefits, the brand name should be selected with utmost care. Following are the essentials of a good brand –

1. The brand name should be brief and simple.
2. It should be easy to pronounce, spell and remember.
3. It should be attractive and appealing to the eyes.
4. It should be suggestive of the utility of the product.
5. It should be distinctive and difficult to imitate.
6. It should remain constant for a reasonable period of time in order to gain popularity

Maintaining a Good Attitude towards Consumers

A good service attitude towards consumers can be maintained by adopting following manner and qualities-

1. Soft spoken
2. Good memory
3. Pleasing manners
4. Patience
5. Public relation activities
6. Fair dealings
7. Develop Obliging attitude
8. Consumers' needs

Time Management

Time is most valuable thing in world. Time is money for every entrepreneur. It is important that time managed should in such a way that it is fully utilized. It is most important to manage your time profitably since time once lost can never be regained. For good time management following points should be kept in mind-

1. Chalk out your plan
2. Maintain a diary
3. Adhere to time schedule
4. Develop time consciousness
5. Setting priorities
6. Self-discipline
7. Don't waste time

Time is more valuable than money since money lost once can be regained while time once wasted cannot be regained.



UNIT V

ROLE OF REGULARITY INSTITUTIONS, ROLE OF DEVELOPMENT ORGANISATIONS, SELF-EMPLOYMENT ORIENTED SCHEMES, VARIOUS GRANT SCHEMES SPECIAL INCENTIVES FOR WOMEN ENTREPRENEURS, SCHEMES OF M.P.

ROLE OF REGULATORY INSTITUTIONS

1. District Industries Centres

District Industry Centre or District Industries Centre plays a very important and effective role in establishment and operation of industries. District industries centre (DIC) is an outcome of coordination between Central government and state governments. The District Industries Centre programme was launched in 1978 for effective promotion of cottage and small scale industries widely dispersed in rural areas and small towns. The District Industries Centres programme was launched in 1978. District Industries Centres are the focal points which provide all services under single roof including infrastructure, technical know-how, consultancy, marketing etc., to small entrepreneurs. DICs are based on the concept of "One Window Service." These centres provide financial and other facilities to small units to develop close link with development blocks and specialized institutions in the setting up of industries in rural areas.

Objectives of District industries Centres

Important objectives of District Industries Centres are as follows:

- a. Coordinated development of small and cottage industries
- b. Development of backward areas
- c. Increase employment opportunities
- d. Implementation of employment opportunities
- e. Entrepreneurial training
- f. Market forecasting
- g. Assistance in preparation of project report
- h. Allotment of raw material
- i. Assistance in sales

M.P. government has formulated Madhya Pradesh Pollution Control Board in September, 1974 under provisions of water pollution prevention and control Act, 1974.

2. Pollution control Board

Though industries play an important role in growth of nation yet many industrial wastes coming out from various industries are polluting environment extensively. If pollution caused due to industrial wastes is not controlled then this industrial growth may prove in vain. Hence for controlling the pollution a need was felt by Central government and state government. M.P. government has established Madhya Pradesh Pollution Control board.

Working of Pollution control Board: The working of pollution control board is not limited upto controlling the pollution as per rules and regulation laid down. The board also gives incentives to the industries who have effectively controlled the pollution. The M.P. Govt, has declared a prize of Rs. One lac yearly which is given to such industry who has done outstanding work in controlling the pollution. It is necessary that pollution control board should be very effective & very strict so the diseases are not allowed to prevail.

Objectives and Functions of Madhya Pradesh Pollution Control board

Main objectives and functions of Madhya Pradesh Pollution control Board are as follows:

1. Freedom from water pollution
2. Treatment of polluted water
3. Limitation of polluted industries
4. Declaration of pollution control areas



5. Action against breach of pollution laws

FOOD AND DRUGS ADMINISTRATION

In production of food & drugs it is essential that components "should be in proper quantity and also it is necessary that the process in making them should be proper. The rules and regulation have been made for preparation of as also storage, distribution and sale of the items which come in the category of food and drugs. In Madhya Pradesh an independent department has been established to take care of all the above. The food & drug administration department is an independent directorate under M.P. Govt. Public Health and family welfare department. This department works under the guidance of minister, public health & family welfare. This also comes under the administrative control of chief secretary, public health & welfare deptt. This department came in being 1-4-1980 as an independent department. The head of this department is director food & drug administration. The Head of the department is an officer of 1AS Rank. This officer is independent in inspection of industries and has power to exercise strict control on medicine administration. He has a power to take decisions himself. This officer can take decision to stop any business or industry if he finds that continuation of such industry or business may cause loss to people of the state.

Electricity Board

An entrepreneur has to go through the procedure of taking electricity connection as per his setup's requirement from Madhya Pradesh electricity board. M.P. State electricity board from 15th June, 2005. The task of sub transmission and distribution of electricity in M.P. has been passed on.

Procedure for obtaining electricity connection

- a. Submitting of Application form
- b. Field survey
- c. Approval of Estimate
- d. Depositing of Expenses
- e. Performing Agreement
- f. Completing of Electricity Connection
- g. Issue of Notice
- h. electric-fitting
- i. Inspection of industrial place
- j. Approval and supply of Connection

Scheduled Bank is one which is included in scheduled No. 2 of Reserve Bank Act. Only those Banks are included in above scheduled who complete following conditions:

- a. The paid up capital and reserve are not less than 5 lakh of rupees.
- b. The working of the Bank is not against its depositors.
- c. If the Bank is foreign Bank than the country to which such bank belong should not have any law or restriction against Indian Banks.

1. Women Economic Development Corporation of M.P.

In order to improve the status of ladies in the society government is introducing many self employment schemes. For this government has established Women Economic Development Corporation. It has been registered on 31/10/1998.

3. MUNICIPAL CORPORATION

Municipal bodies owe their origin to Britishers. Formerly it was set in the former presidency town of Madras in 1688 and was followed by its establishment in Bombay and Calcutta in 1762 it's the 74th constitutional Amendment act proposed to form uniform structure of municipal corporations in 1992. There after the local body acts of M.P. were amended in accordance with constitutional amendment. M.P. municipality Act came into a new form on 21st April, 1997. The literal meaning of Municipal



Corporation is Nagar Palika or Nagar Nigam. In small cities it is known as Nagar Palika and in big cities it is known as Nagar Nigam. It manages many civil services. It is an autonomous body. In small cities head of Municipal Corporation is known as chairman of Municipal Corporation and in big cities head of Municipal Corporation is known as Mayor.

ROLE OF DEVELOPMENT ORGANISATIONS

2. Khadi and Village Industries Commission (KVIC)

As per the provisions of a Special Parliamentary Act 1956, the Government has established Khadi and Village Industries Commission. Madhya Pradesh Khadi and Gramodyog Mandal is an organization of M.P. government and Madhya Pradesh Village Industry Commission also is an organization of M.P. government which works under direction of Central government. Madhya Pradesh Gramodyog Mandel and M.P. village industry Commission are operating many schemes of employment in rural areas.

Objectives of KVIC

1. To preserve the traditional arts and crafts in India.
 2. To equip the artisans and craftsmen to take up the challenges of the modern market.
 3. To promote the handicrafts, Khadi, village and cottage industry by facilitating them with the necessary inputs like raw materials, equipments, capital, etc.
 4. To develop a market for these products.
 5. To introduce the products even in the international market.
- ### 3. M.P. Financial Corporation

"The Madhya Pradesh Financial Corporation was established on 36.6-1995. The head office of this corporation is in Indore. The management of this corporation is done by board of directors in which two members are: (i) Chairman & (ii) Managing Director. Including these two there are seven directors in total.

The objectives:

The M.P. Finance Corporation has been established mainly for the purpose of giving financial help to small and medium scale industries. The main objectives on MPFC are as follows:

- a. To prepare a basic infrastructure of industrial development in M.P.
- b. To give encouragement to industries based on new techniques.
- c. To give a guarantee for payment of the cost of machines & modern plant to their suppliers.
- d. To ensure quick industrial growth of the state by helping small & medium size industries.
- e. To under write issue of shares, loan bonds.
- f. To provide easy loans without more formalities to new entrepreneurs and also to help them in the proper utilization of financial resources they have. •

4. Scheduled Banks

Objects of WEDC

1. To inform women about participation in different economic activities.
2. To help them in getting financial help from banks.
3. To encourage sell of their products.
4. To encourage in manufacturing of the product.
5. Purchase self/import/export
6. Organisation entrepreneurship training programme.

SELF EMPLOYMENT ORIENTED SCHEMES

1. Prime Minister Employment

Self employment is the best way to erase unemployment completely. With this view central government launched "Prime Minister Employment Yojna" on 2-10-1993. Initially this Scheme was for Urban areas but from 1-4-1994 it was made applicable to entire nation. In this scheme the loan available is sufficient and the process involved in getting the loans simple. Other benefits of this scheme are (i) a very nominal margin money, (ii) no guarantee is required & free of cost training. One can select



any business/profession or an industry. The PMES is ready to give loan for any economical viable activity. However direct agriculture operations like raising of crops, purchase of manure are outside the scope of this scheme. This scheme shall be implemented through DICs, state directorate of industries and Bank Branches. Although there has been a good response to Prime Minister Employment Yojna still it is considered desirable to do something more to evoke a greater response which this scheme deserves. Attempts are being made to bring something new in the scheme so that it becomes still more popular. These attempts are as follows:

- a. Awareness camps 4.
- b. Encouragement to units in Industrial Sector Management.
- c. Effective implementation of Abhibhawak Yojna
- d. Development of resources/Pressure on

2. Golden Jubley Employment Scheme

This scheme came into operation from 1-12-1997. This scheme has been implemented in two parts, which are:

- a. Swarna Jayanti Shahari Raozgar Yojna. This Yojna provides employment to urban unemployed and tender employment people. This scheme i.e. two i.e. (i) economic aspects & (ii) social aspect. Under Swarna Jayanti Shahari Yojna. There is a plan to develop women and children. In this scheme poor women of urban areas are given special encouragement. Under this scheme in addition to making women start their own business, efforts will be made to make urban poor women self dependent.
- b. Swarna Jayanti Gram Self Employment Scheme. This scheme started from Aprii-1999.

Objective:

To help such poor families who can come up from below poverty line within a period of three to five years. For this purpose the monthly income of selected families under the scheme will be ensured as Rs. 2,000/-monthly and in coming 5 years 30% of the poor families will be brought within the preview of the scheme.

3. Rani durgavati Self Employment Scheme. This scheme was started on 1-4-2003.

The objective of this scheme is to convert 5,000 educated unemployment persons belonging to SC/ST cadre into entrepreneur.

Eligibility: Under this scheme all SC/ST cadre candidates will be eligible who are:

- a. Permanent resident of Madhya Pradesh.
- b. Belongs to schedule caste/Schedule Tribe (certificate to this effect from competent authority must).
- c. Should be of age between 18 to 50 years.
- d. He should have passed at least 8th standard exam from govt., school or a school recognized by govt.

4. Deendayal Self Employment Scheme

Under Prime Minister Rozgar Yojna those who are having an income more than 40,000 (of family) are not eligible for any loan under the scheme. Keeping this shortcoming in mind the government has started "Deendaya Employment Scheme." Eligibility:

- a. The persons should be permanent resident of Madhya Pradesh.
- b. The age of the applicant should be between 18-40 years.
- c. Minimum education qualifications of the person: He should have passed 10th class or should have passed ITI Exam.
- d. The income of the family of applicant must not be more than I, 40,000/- from all sources.
- e. The applicant should be registered with employment exchange.



VARIOUS GRANT SCHEMES

Cost of Capital Grant

For attracting new entrepreneurs to establish industries and business in industrially backward areas many grants/subsidies are being given by Central government and State governments. Various cost of capital grants are as follows:

1. **Cost Capital Grant of Central Government:** Central government declared a scheme of providing cost capital grant/subsidy to entrepreneurs in August, 1961. This scheme came into effect from 1st March, 1983 in 36 districts of country which is backward in industrial view. Under this scheme a grant or subsidy is provided on fixed capital investment.
2. **Cost Capital Grant of State government:** This scheme is effective from April, 1981 for establishing new units in those backward areas where cost capital grant/subsidy of central government is not effective and grant/subsidy of Central government is less than grant/subsidy of State government.

Interest Grant

Entrepreneurs of small scale industries and small scale business face many financial problems in setting up and operation of industries/ businesses. They have to pay lot of interest on the loans they take and for purchasing. Since compound interest is charged on the loans advanced to small entrepreneurs, so it amounts to a large extent. For providing relaxation in the heavy interests some schemes have been started by central government and state governments. Small scale industries registered in industry directorate are eligible to get a subsidy/ grant in the interest to be paid for loans received from various nationalized banks or some other financial institutions. The entrepreneurs belonging to general class or general caste are eligible to get interest subsidy/ grant at the rate of 2% upto 3 years time. The entrepreneurs belonging to scheduled caste or scheduled tribes are eligible to get subsidy/grant at the 4% upto 3 years time.

EXEMPTION FROM ENTRY TAX

Many State governments charge entry tax when some raw material is purchased from other state and bought in the related state. Entry tax is a new form of Chungi tax. Now-a-days Chungi tax is being charged in form of entry tax. Prices of all the raw materials increase very much due to this entry tax. If entrepreneurs of small scale industries are exempted from entry tax they can get lot of relaxation. Government of Madhya Pradesh has launched a scheme of providing exemption from the entry tax. Such new or old industrial units which want to extend their production capacity are eligible to get exemption from entry tax upto coming years on purchasing the raw material for their industries.

PROJECT REPORT REIMBURSEMENT GRANT

Before preparing a project report an entrepreneur performs many activities in which lot of expenses are incurred. Entrepreneurs either himself/ herself does market survey or get it done by other market surveying agencies. Entrepreneur gets the knowledge of demand volume of product in the market which he wants to produce. Madhya Pradesh government, Madhya Pradesh Industrial Development Corporation and directorate of industries of Madhya Pradesh compensate all the expenses incurred in preparation of project report. Compensation of expenses incurred in preparation of a project report is done only then when proposed project is established in Madhya Pradesh of grant/subsidy provided in preparation of project report is Rs. 1 lac.

VARIOUS TAX REBATES/BENEFITS TO SMALL SCALE INDUSTRIES

As grants and subsidies are given to protect and promote small scale industries similarly tax rebates/benefits are given to promote and protect small scale industries. Industrialists and businessmen pay many taxes to government. If they are provided some relaxation in payment of taxes then their financial position improves. Tax relaxations and tax benefits encourage entrepreneurs to set up small scale industries. Various tax relaxations and benefits being provided to entrepreneurs of small scale industries are as:



1. Income tax rebates to small scale industries set up in backward areas
2. Income tax rebate to small industries in rural areas
3. Income tax exemption on profits
4. concession in income tax for expenses on scientific researches
5. Patent-rights and copyrights
6. Depreciation Deductions
7. Development Rebate
8. Rehabilitation Allowance

SPECIAL INCENTIVES FOR WOMEN ENTREPRENEURS

Objectives of special incentives for women

Women population constitutes nearly half part to total population of nation. Economic and social development of nation is not possible without development of women. For attracting women to establish their own business and industries. Central government and State governments are providing many incentives to women. Main objectives of incentives are:

1. Development of self-reliance
2. Improvement of Economic condition
3. Development of Saving habit
4. Freedom from private money lender
5. Development of Habit of tem work
6. Mutual Cooperation

VARIOUS GOVERNMENT SCHEMES FOR WOMEN WELFARE

Different governments of different states have launched many schemes for economic and social welfare of women. Some such schemes are as follows:

1. Panch-Dhara Scheme: This scheme was launched by government of Madhya Pradesh on 1 November, 1991 for welfare and development of women particularly women belonging rural and tribal areas.
 - a. Kalp Vraksh Yojna: Objective of this scheme is to provide employments to women of scheduled castes and scheduled tribes in tribal areas.
 - b. Social Security pension scheme: Under this scheme a pension is provided to helpless widows.
 - c. Gramya Yojna: Under this scheme a working capital is provided to rural women for setting up their small business.
 - d. Vatsalya Yojna: Under this scheme government provides economic help for treatment and nourishing food to very poor women.
2. **Swasthya Sakhi Yojna (Health Friend Scheme):** This is the scheme of Uttar Pradesh government.
3. Kishori Balika Yojna: This is the scheme of Bihar government. Under this scheme girls of 11 to 18 years are provided knowledge of letters and digits.
4. Apni Beti Apna dhan Yojna: This scheme was launched by Haryana government from 2nd October, 1994.
5. Kamdhenu Yojna: This is the scheme of Maharashtra government. Under this scheme economic help is provided to handicapped.
6. Education at your Door Scheme: This is the scheme of Rajasthan government. This scheme is operated for providing primary education to all children of 6-14 years age.
7. Balika Sanrakshan Yojna (Girls Protection Scheme): This is the scheme of Andhra Pradesh government. Objectives of this scheme are to protect and promote welfare of girls so that they may get an honourable place in society.

SPECIAL INCENTIVES FOR WOMEN ENTREPRENEURS



Various banks are providing many incentives for development of women entrepreneurship. Programmes of various nationalized banks operated for women entrepreneurs are

I. Schemes of Central Bank of India for Self-employment of Women

1. Saint Kalyani Scheme: Under this scheme a maximum loan upto Rs. 10 he is provided to women entrepreneurs.
2. Scheme of providing financial assistance for setting up various professions: A maximum loan uotp Rs. 5 lacs (including Rs. 1 lac margin money) is advanced under this scheme.
3. Scheme of providing assistance for setting up small industries: A maximum loan upto Rs. 60 lacs can be financed under this scheme.
4. Scheme of providing assistance foe setting up retail business: A maximum loan upto Rs. 2 lacs can be advanced to women entrepreneurs.

II. Priyadarshni Scheme of Bank of India

Bank of India is operating "Priyadarshni scheme" for encouraging women entrepreneurs to set up self-employment.

III. Women Power Package Scheme

Various schemes of Women Power Package Yojna are

1. Scheme of assistance for professional businesses
2. Assistance scheme for small businesses
3. Assistance for cottage industries and handicrafts

SCHEMES OF MADHYA PRADESH GOVERNMENT

Necessity of Financial Assistance To Sc, ST, Backward Class And Minorities

1. Schemes Financed by Banks

- a. Antyodaya Self-employment Scheme
- b. Dignity Establishing Scheme

2. Schemes Financed Directly by Corporation

- a. Self-employment Scheme for Scheduled Castes
- b. Self-Employment Scheme far Handicapped
- c. Self-Employment Scheme foe Sweeping workers

Schemes of M.P. Backward Class And Minorities Financial Development Corporation For Backward Classes

M.P. backward class and minorities finance Development Corporation was launched on 29th September, 1994 for providing financial assistance to persons of backward classes. It acts as a channelising agency of National Backward Finance and Development Corporation. It advances loan to person of Backward classes who are living below poverty line.

Conditions of Eligibility

Conditions of eligibility arias follows:

1. Applicant who belongs to backward class.
2. Application whose family's yearly income in rural areas is not more than Rs. 40,000/- and in urban areas income is not more than 55,000/-

Scheme s for Minorities

National Minorities Development and Finance Corporation provides financial assistance to the entrepreneurs of minority classes through MP Backward classes and Minority Finance Development Corporation. Parsis, Budhs, Sikhs, Muslims have been included in the Minorities class, priority is given to women entrepreneurs of business groups.

PRIME MINISTER'S ROZGAR YOJANA (PMRY)

- General features
- Operational Guidelines
- Constitutional of district Task Force Committee



- Constitution of District PMRY committee
- Constitution of State/ UT PMRY committee
- Constitution of High Powered Committee PRIME MINISTER'S ROZGAR YOJANA (PMRY)
- Indicative Application Form Specimen of Affidavit

GENERAL FEATURES

Introduction

Educated constitute nearly 40% of the unemployed. Incidence of unemployment among the educated labour force is 11.8% against 3.8% for educated and uneducated taken together. Further, the incidence is much higher viz. 26.7% among women than 9.8% among educated men. Women constitute 27% of the educated unemployed level of education. Projection made using alternative techniques put the estimate of educated unemployed at 6-7 million in 1992. This is out of an estimated educated Labour force of 52 million. Of the new employment opportunities that are being generated in the economy in recent years, about 45 per cent are estimate to be going to the educated. But, though relatively high, the employment growth of the educated still falls short of the growth of labour force by about 7 lakhs in a year. The trend of a higher growth of their employment is likely to continue with the introduction of modern technologies There may, in fact be a shift towards employment of the educated in the activities which hitherto were the preserve of the uneducated. Hence, the problem of the educated needs a special focus within the overall strategy for tackling unemployment. Prime Minister's Rozgar Yojana (PMRY) seeks to address itself to this problem.

1. Objective

The PMRY aimed to provide employment to more than a million persons by setting up of 7 lakhs micro enterprises by the educated unemployed youth during the last four years of VIII five year plan i.e. 1993-94 to 1996-97. The scheme continued in the IX Five year plan. The scheme has been continuing in the X Five year plan. It relates to the setting up of the self employment ventures in all economically viable project (except direct agricultural operations like raising of crops & purchase of manure etc) The scheme also seeks to associate reputed non-governmental organization in implementation of PMRY scheme especially in the selection, training of entrepreneurs and preparation of project profiles.

2. Target Group / Eligibility

Age:

- 18 to 35 years for all educated unemployed in the country except for North Eastern states, Himachal Pradesh and Uttaranchal.
 - 18 to 40 years for all educated unemployed in North Eastern States, Himachal Pradesh and Uttaranchal.
 - 18 to 45 years for scheduled Caste/ Scheduled Tribes, Ex-servicemen, Physically Handicapped and women educated unemployed in the Country.
- a. Educational Qualification: VIII Pass. Preference will be given to those trained in any trade in Government recognized/approved institution for at least six months.
 - b. Family Income: Neither the income of the beneficiary along with spouse nor the income of parents of the beneficiaries shall exceed Its. 40,000/- per annum.
 - c. Defaulter: Should not be a defaulter to any Nationalized bank/financial institution/cooperative Ba.C. Further a person already assisted under other subsidy, link Government schemes would not be eligible under the scheme.
 - d. Residency: Beneficiary should be a permanent resident of the area for at least three years

3. Reservation

Preference should be given to weaker sections including women. This scheme envisages 27.5% reservation SC/STs and 27% for Other Backward Classes (OBCs). In case SC/ST/OBC candidates are not available, State/UT Govt. will be component to consider other categories of candidates under PMRY.

4. Coverage



This scheme covered urban areas only during 1993-94 and whole of the country from 1994-95 onwards. From 1994-95 onwards the erstwhile self-Employment Scheme for the Educated Unemployed Youth (SEEU) has been subsumed in the PMRY.

5. Activities

All economically viable activities including agriculture and allied activities are covered but excluding direct agricultural operations like raising of crops, purchase of manure etc. are covered.

6. Project Cost:

Project up to Rs.11 lakh are covered under the scheme in case of individual for business sector. Rs.2 lakhs for other activities Loan to be of composite nature. If two or more eligible persons join together in a partnership, projects to Rs.10 lakhs are covered. Assistance shall be limited up to individual admissibility. After identification of beneficiaries and subject to the project found feasible/viable by task force, bank would consider to provide the loan.

7. Subsidy and margin money:

- Subsidy will be limited to 15% of project cost subject to ceiling of Rs.7500/- per entrepreneurs, Margin money contribution from the entrepreneurs may vary from 5% to 16.25% of the project cost so as to make total of the subsidy and margin money equal to 20% of project cost.
- For North Eastern States, Subsidies

8. Collateral:

No collateral for units in industry sector with project cost up to Rs.2.00 lakh (loan ceiling under the PMRY). For partnership projects under Industry Sector, the exemption limit for objection of collateral security will be Rs.5.00 lakh per borrowing account. For units in service and business sector no collateral for project up to Rs.1.00 lakh. Exemption from collateral in case of partnership project will also be limited to an amount of Rs.1.00 lakh per person participating in the project.

9. Rate Interest & Repayment Schedule

Normal bank rate of interest shall be charged. Repayment schedule may range between 3 to 7 years after an initial moratorium as may be prescribed at the time of sanctioning of loan.

10. Training and Entrepreneurial Development:

Each entrepreneur whose loan is provided is training as per details given below:

- The training expenses: The expenses are @ Rs.1000/- per beneficiary for industry sector (including Rs.3000/- as stipend and Rs.700/- for training expenditure). The training duration is between 15 to 20 working days.
- The training expenses: The training expenses are @ Rs.500/- per beneficiary for service and business sector (including Rs.150/- as stipend and Rs.350/- for training expenditure). The training duration is between 7 to 10 working days.

State/UT Governments should involve reputed Non-Governmental Organizations, Chambers of Commerce and Industry, Trade and Industry Associations etc. in selecting and referring the cases of Task Force, in training entrepreneurs etc. The training programme should take care of the special needs of the educated unemployed

The training modules should be prepared by the district/ state agency, keeping in view the demand for different types of activities at the local level basically towards entrepreneurship development.

The syllabus should include –

Elements of book keeping

Simple knowledge of marketing

Acquaintance with product costing

Formularization with project financing by banks

Maximum emphasis on learning by doing

State/U.T. govt. should identify the training institutions and draw up the module for training. Training is an integral component of the scheme.

11. Implementation



The district being well established geographical unit for many programmes the coordinated implementation of the programme is undertaken at the district level. The educated unemployed youth are expected to apply to the District Industries Center/ Directorate of Industries/O/o the Dy. Commissioner of their districts. Preliminary screening is a.re by a Districts Level Task Force Committee/ Block Level Task Force Committee/Mandal Level Task Force Committee.

At district level, Task Force comprises of a Chairman who is a senior officer of the implementing agency preferably head of the agency. General Manager of District Industries Center, Director, in case of SISI, Addl. Director of Industries in case of Directorate of Industries or Deputy Commissioner of the District. Other members of the Task Force are representatives of 1. Lead bank 2. Two leading banks 3. District Employment Officer. 4. One member each from DIC/SISI (Other than the implementing agency). 5. One officer as a member secretary to be nominated by the chairman of the Task force. 6. Chairman may co-opt one or more members from reputed non-governmental organizations.

To ensure that the welfare of the women is taken care of, State and UTs have been instructed to invite one woman associated with the welfare of women in the meeting of the District Task Force Committee.

Besides, the lead bank and the leading banks, other implementing banks should be invited to attend the District Task force Committee Meetings on rotational basis.

Implementation of the scheme involves identification of beneficiary, Selection of specific avocations, identification of the support system required by the beneficiary, -escort service and close liaison with the banks and other local agencies concerned with industry, trade and service sectors. The Task Force is responsible for (i) motivating and selecting the entrepreneurs, (ii) identifying and preparing schemes in industry, service and business sectors, (iii) determining the avocations/ activities (iv) recommending loan (v) getting speedy clearance, as necessary from the authorities concerned.

12. Monitoring.

The Scheme will be monitored at district level by District PMRY Committee, at State/UT level by State/ UT PMRY Committee and at Central level by High Powered Committee under the Chairmanship of Secretary (SSI&ARI).

13. Involvement of Non-Governmental Organizations

State/UT Governments may involve reputed Non-Governmental Organizations, Chamber of commerce and Industry, Trade and Industry Associations etc, right from the identification, motivation and selection of beneficiaries by nominating them in the Task Force, preparation of project profiles. They can also help the borrowers in proper management of the assets, marketing of the products, repayment of loan installment etc. Training of beneficiaries is another area where they can play a very useful role. State/UT Governments should work out the methodologies to associate the reputed NGOs in a manner which will bring the scheme to the doorstep to the potential beneficiaries. Industry Associations should also be requested to urge their members to adopt at least one unit and act as mentor.

Immediately on receipt of targets from the Central Govt., State /U f Governments would convey district wise targets to each district. During the year 1993-94, it was proposed to cover 40,000 beneficiaries under PMRY in urban areas only. Since 1994-95 the scheme has been continuing with annual plan target of 2.20 lakhs persons.

1. Basic Target are distributed by giving 50% weight age to population and 50% weight age to the educated unemployment youth registered in the Employment Exchanges of the state/UT. Additional targets are also allocated to State/UTs depending upon the (a) past performance of the State/UT (b) special need of the State/UT (c) assurance to address to loan recovery (d) other issue like furnishing of utilization certificates etc
2. The Task force would invite applications in prescribed form given at annexure-I from eligible persons, through advertisements in local newspapers. Bank branches have also been authorized to receive applications directly under the scheme. Publicity would also be given by display on Notice



boards in the Banks and BDO's offices. (Prescribed application form is an indicative one and can be suitably modified if need be, in the District Level Bankers Committee).

3. The applicant is required to submit application form duly filled along with an 'Affidavit' on plain paper, (Annexure=II)
4. These applications will be approved by the district Task Force committee and would be recommended to the concerned bank branches. The names of the beneficiaries approved by the Task Force immediately after the meeting.
5. All the cases received by the branches Managers after recommendation by the Task Force Committee would be disposed of expeditiously.
6. The successful applicants are required to submit the 'Affidavit' on the relevant non judicial stamp paper (Value being determined as may be applicable to the concerned state). The affidavit should be duly attested by a Notary and not by the Oath Commissioner.
7. Training Institutions should be identified and modules for training should be kept ready by the time the loan is sanctioned by banks.
8. As soon as the cases are sanctioned intimation will be sent to DICs etc. (i.e. implementing agency) by the banks so that training activity can start.
9. In order to ensure that the desired results are achieved all activities should be completed in a time bound manner and difficulties experienced should be sorted out in the District PMRY Committee. State/UT Governments may provide necessary infrastructure support like provision of industrial sites, shops, water on preferential basis to these Entrepreneurs. Provision of sites and sheds at concessional rate to service ventures in urban areas will be essential for the success of service ventures. Many State/UT Govts. Are providing various tax concessions and incentives under their Industrial policy. Such concessions should also be extended to the beneficiaries under the scheme.

As load requirement will be small, State/UT Governments should give priority to the persons getting the loan sanction under the PMRY for electric connection. NO deposit should be asked for and small infrastructure e. g. creating few poles and extensions of wire line should be done expeditiously.