MODULE - 5

Syllabus (18ME51)

Micro and Small Enterprises: Definition of micro and small enterprises, characteristics and advantages of micro and small enterprises, steps in establishing micro and small enterprises, Government of India indusial policy 2007 on micro and small enterprises, case study (Microsoft), Case study(Captain G. R. Gopinath),case study (N. R. Narayana Murthy & Infosys).

Institutional support: MSME-DI, NSIC, SIDBI, KIADB, KSSIDC, TECSOK, KSFC, DIC and District level single window agency, Introduction to IPR.

➢ Definition of micro and small enterprises

The main feature of SSI is, it will create great employment opportunities. And also helps in balancing the country's economy and uniform development of industries all over the country.

The definition of small scale industry varies from one country to another and from one time to another in the same country depending upon the pattern and stage of development, government policy and administrative set up of the particular country.

Some countries uses employment size to define SSI.

Some countries uses investment size to define SSI.

Some countries uses both (employment size and investment size) to define SSI.

The first official criteria for small scale industry in India was in terms of gross investment in land, building, plant, machinery and number of workers engaged.

During 1955 for a SSI the ceiling limit for investment was 5lakhs with less than 50 employees when using power or less than 100 employees when not using power.

However for small scale industries, the planning commission of India uses the terms village and cottage industries. These include modern small-scale industries and the traditional cottage and house-hold industries as shown in below figure.

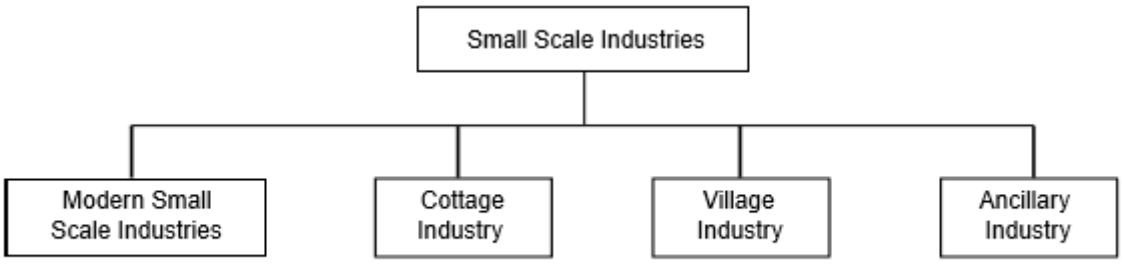

Fig. Types of small-scale industries

1950	The fiscal commission for the first time defined an SSI as one which is operated mainly with hired labour usually 10 to 50 hands.
1954-55	The Government of India set up Central Small Scale Industries Organization (CSSIO) and Small Scale Industries Board (SSIB) to promote small scale industries.
1960	Employment criterion to define SSI was dropped and under investment criterion an industry having gross value of fixed asset up to Rs. 5 Lakhs was called as SSI.
1975	The investment limit was rise to Rs. 10 Lakhs (15 Lakhs for ancillary units).
1980	The investment limit was rise to Rs. 20 Lakhs (25 Lakhs for ancillary units).
1985	The investment limit was rise to Rs. 35 Lakhs (45 Lakhs for ancillary units).
1995	The investment limit was rise to Rs. 60 Lakhs (75 Lakhs for ancillary units).
March 1997	The investment limit was raised to Rs. 3 Crore.
1999-2000	The investment limit was reduced to 1 Crore.
2007	Limit is 1 Crore only.

➢ Characteristics of SSI

1. Capital investment is small and most of the SSI's have small number of employees.
2. Generally owned by a single or at the most two persons and engaged in production of small goods. (It is generally a one-man show).
3. The owner himself or herself is a manager, who takes effective participation in all matters of business decision making.
4. Most of them are family owned industries.
5. Funded by owners savings or short term loans.
6. The scope of operation of SSI is generally localized, catering to the local and regional demands.
7. The gestation period i.e., the period after which return on investment starts is relatively lower when compared to large units.
8. Workers are not well recognised and they may do different types of works as need arises.
9. Management and organization are very poor in SSIs.
10. Profit margin is less due to competition.
11. Chances of early closure is more.
12. Generally found in urban or semi-urban areas.
13. Few of them may grow as medium scale industries.

➢ Advantages of micro and small enterprises

1. SSI don't require high level of technology.
2. They do not require large capital
3. SSI create immediate employment at a relatively small capital investment.
4. Locally available skilled and semi-skilled people can be appointed at short notice and at a much lower wages compared to the medium and large industries.
5. The project related to SSI can be completed in short period.
6. SSI have small gestation period.
7. Source of employment for local people, either full time or part time.
8. SSIs act like training area for local entrepreneurs
9. They meet the increased demand of consumer goods and mass consumption goods.
10. They helps in economic growth of the country
11. SSI make it possible to shift manufacturing activities from busy towns to rural areas. This helps in geographical distribution of skills and technology in the country.
12. SSI helps in creating jobs for unemployed people.
13. They helps in developing rural areas

➢ Steps to start an SSI

Starting an SSI is a complex job. The potential entrepreneur has to pass through a number of steps to achieve his goal of setting up an SSI.

1. **Selection of industry**
2. **Study of investment requirement**
3. **Market survey**
4. **Selection of product**
5. **Selection of technology** - Information on all available technologies should be collected by the entrepreneur and the most suitable one to be identified. This will also be useful to determine the type of machinery and equipment to be installed.
6. **Selection of land and premises**
7. **Study of resource requirement**
8. **Study of requirement of plant and equipment**
9. **Study of requirement of raw material and sources of supply**

10. **Analysing strengths, weaknesses, opportunities and threats (SWOT analysis)**
11. **Scanning of business environment -** In order to ensure success of enterprise, entrepreneur should scan the business opportunities and threats in the environment. He should study the administrative framework, procedures, policies, rules and regulations and other formalities implemented by the government.
12. **Preparation of project report**
13. **Application to financial institution for loan**
14. **Application to directorate of industries for NOC (No Objection Certificate), Registration as SSI.**
15. **Get NOC and permission from local body (municipality / village / panchayat / corporation)**
16. **Apply for power and water connection**
17. **Recruitment of manpower**
18. **Order for plant and machinery**
19. **Order for raw materials**
20. **Install the machinery**
21. **Trial run**
22. **Production and sales**
23. **Profit and pay creditors**
24. **Market research** - Once the product or service is introduced in the market, there is strong need for continuous market research to assess needs and areas for modification, upgradation and growth.

➢ Government of India Industrial Policy 2007 on micro and small scale enterprises

- It provides the first-ever legal frameworks for recognition of concept of enterprise (Comprising both manufacturing and services) and integrating three tiers of enterprise -micro, small and medium.

- Under the Act enterprise have been categorized broadly into those engaged in

(i) Manufacturing and

(ii) Providing /rendering of services.

Both categories are further classified into micro, small and medium enterprise, based on their investments in plant and machinery (for manufacturing Enterprises) or in equipment (in case of enterprises providing or rendering services) as under:

- Manufacturing enterprises:-Micro Enterprise -investment up to Rs. 25 lakh.-Small Enterprise – Investment above Rs. 25 lakh & up to Rs. 5 crore.-Medium Enterprise -investment above Rs 5 crore & up to Rs. 10 crore.

- Service enterprise:-Micro Enterprise -investment up to Rs 10 lakh.-Small Enterprise -investment Above Rs. 10 lakh & up to Rs. 2 crore.-Medium Enterprise -investment above Rs 2 crore & up to Rs. 5 crore.

- The Act provides for a statuary consultative mechanism at national level with wide representation of all sections of stakeholders, particularly the three classes of enterprises, and with a wide range of Advisory function, and an advisory Committee to assist the Board and the Central/State Governments.

The other features include

(i) Establishment of specific Funds for the promotion, development and enhancing competitiveness of these enterprises.

(ii) Notification of scheme /programmes p for this purpose.

(iii) Progressive credit policies and practices.

(iv) Preference in government procure to products and services of the micro and small enterprises.

(v) More effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises.

(vi) Simplification of the process of closure of business by all three categories of enterprises.

➢ Case study

1. Microsoft

No single innovation in recent memory has created more millionaires so quickly than the personal computers. These millions have come not only by the making of personal computer but also from supplying the chips that go into them and from supplying the software that is needed to run them.

Manufacturers such as **Compaq, Dell, Apple** and **HP** who make personal computers.

Suppliers such as **Intel, Cyrix**, **AMD**, **Toshiba** and others who supply chips, disk drives, and other components that go into the personal computer.

Complementary innovators such as **Microsoft**, **IBM, Oracle** etc. who **supply software's**.

Microsoft was founded by **Bill Gates** and **Paul Allen in 1975**.
Their first successful products were **compilers** for the computer programming languages **BASIC, COBOL,** and **FORTRAN** which programmers used to write software's.

Their **biggest break comes in 1980**, when IBM decided to enter the personal computer market and went to Microsoft for help. They wanted Microsoft to develop the programming languages BASIC, FORTRAN, and COBOL for the upcoming PC and also an operating system.

Microsoft bought an operating system called **Q-DOS (Quick and Dirty Operating System)** from **Seattle Computers, japan** for $50,000. And sold it to IBM for $186,000. But they didn't take entire amount instead they made an **agreement on licencing a product**. Bill Gates knew that good IBM products were usually cloned. So in the contract selling operating system to IBM, Microsoft made sure that IBM had the right to sell its own PCs with the modified Q-DOS in them, but not the right to license DOS to other makers of personal computers. That right belonged to Microsoft.

As it turned out, Microsoft was right. Many firms decided to clone the IBM PC and Microsoft could sell its operating system to them.

Microsoft had one problem: **CP/M-86**. This was a **competing operating system developed by IBM in August 1981** had been offered as an alternative operating system for PC and considered superior in performance through its memory management and other features. But Microsoft was the leading producer of languages such as BASIC, COBOL, and FORTRAN for PCs. These languages ran only on DOS but not on CP/M-86. When it gets an offer to deliver such languages for CP/M-86, Microsoft Priced them 50% higher than comparable languages running on its DOS. The version of BASIC that Microsoft sold for CP/M-86

which has graphics in it. Since these languages were the major tools that software firms used in the development of applications.

Microsoft went aggressively after firms such as Compaq that wanted to build IBM PC clones. It gave them a 50% discount over the listed price of $95,000, which was very low for an operating system. But CP/M-86, was already deliverable and had many applications running on it.
With all of this going for Microsoft, its DOS quickly emerged as the standard for personal computer operating system and the major source of its profits. **The PC had so-called character-based interface** where all users could see only numbers and letters. They must communicate with the computer by typing commands, which they have to remember every time.

Macintosh used **(GUI) graphical user interface** with which the, users can see not only characters but pictures, or icons. With the use of something called a mouse, they can click on these self-explanatory icons to invoke programs instead of having to remember the exact file name and typing it correctly.

One reason for Microsoft's commitment to developing the applications programs for the Macintosh was its belief that the future of computing was in GUI, and the earlier it started developing the capabilities to exploit it, the better. They hired **Charles Simonyi** from **Xerox's Palo Alto Research Centre (PARC), where GUI had been invented**.

In January 1984, when Apple introduced the Macintosh, Microsoft offered Multiplan BASIC, and Word 1.0 (a word processing program). **A year later, Microsoft announced Microsoft Excel, a spreadsheet for Macintosh**.

Developing the applications programs for the Macintosh gave Microsoft an opportunity to **understand the GUI technology** and the **relationship between GUI and how applications programs interface with it.** Microsoft used this technology to develop **Microsoft Windows operating system** that is compatible with DOS. Microsoft quickly developed versions of its Microsoft Word and Excel for the PC and popular Microsoft **Windows 95** by using the same GUI technology.

2. N. R. Narayana Murthy & Infosys

Nagavara Ramarao Narayana Murthy better **known as N. R. Narayana Murthy**, is one among the seven founders of **Infosys Technologies**, **a global consulting and IT services company**. He is currently the **non-executive Chairman and Chief Mentor of Infosys**.

Born into a **Kannada Madhva brahmin family** in **mysore on 20 August 1946**. Murthy graduated with a degree in **Electrical Engineering** from the **National Institute of Engineering, University of mysore in 1967** after attending government school, and received his **master's degree** from **IIT Kanpur in 1969**.

After his studies he worked as a **chief system programmer** on time-sharing system and designed and implemented **BASIC interpreter for ECIL** (Electronics Corporation of India Limited) **at IIM Ahmedabad.**
After IIM Ahmedabad, he joined **Patni computer** systems in **Pune**. He married **Sudha Murthy**, she was an engineer working at Tata Engineering and Locomotive (now known as Tata Motors) in Pune.

In 1981, he founded Infosys with six other software professionals. In its early days Infosys was supported financially by **Karnataka State Industrial Development Corporation (KSIDC)** and **Karnataka State Financial Corporation (KSFC)** which sanctioned Rs.24 lakh for the purchase of computers.

During a lecture delivered by Murthy at the **Stern School of Business**, New York University in 2007. He shared rare insights about the struggles undergone by him and Infosys during the early days:

He shared two incidents of his life

1. When i was a graduate student in Control Theory at **IIT Kanpur in India**. At breakfast on a bright Sunday morning in 1968, i had a chance encounter with a famous computer scientist on **sabbatical** (A period of paid leave granted to a university teacher for study or travel) from a well-known US university. He was discussing exciting new developments in the field of computer science with a large group of students and how such developments would alter future. I was inspired by his talk and went straight from breakfast to the library and read four to five papers he had suggested and left the library with determined to study computer science. **This is how one role model can alter for the better future of a young students**. This experience

taught me that **valuable advice can sometimes come from an unexpected source**, and can sometimes **open new doors**.

2. The next incident happened in **1974 at Nis a border town between Serbia and Bulgaria,** I was way back to my home town Mysore. I was hitchhiking (taking lift from passing vehicles) by the time a kind driver dropped me at Nis railway station at 9pm on a Saturday night, the restaurants was closed. I could not eat because i had no local money. I slept on the railway station till the train comes. Finally the **Sofia Express** arrives. The only passengers in my compartment were a girl and a boy. I struck a conversation in French with young girl. She talked painful story of the people those who are living in Bulgaria. Suddenly some local police enters into the compartment they were summoned by the young man, who thought we were criticizing the communist government of Bulgaria. The girl was led away, my bag was confiscated and I was dragged into a small 8 X 8 foot room with a cold stone floor, I was held in that bitterly cold room without food or water for over 72 hours. I had lost all hope of ever seeing the outside world again, when the door opened. I was again dragged out and told I would be released 20 hours later upon reaching Istanbul. **The guard's final words still ring in my ears "You are from a friendly country called India and that is why we are letting you go!,** These incidents led me to start Infosys in 1981.

On a chilly **Saturday morning in winter 1990**, five of the seven founders of Infosys met in Infosys office in Bangalore. They decided to **sell Infosys for $1 million**. After 9 years of business in India we were quite happy at the prospect of seeing at least some money. I let my younger colleagues talk about their future plans and the journey they had undergone. Finally, it was my turn. I spoke about our journey from a small Mumbai apartment in 1981 to this level. If still you want to sell I am ready to buy the company (though I did not have a cent in my pocket). There was a stunned silence in the room. I also remained silent, however after an hour of my arguments, my colleagues changed their minds to my way of thinking. I urged them that if we wanted to create a great company, we should be optimistic and confident.

In the seventeen years since that day Infosys has grown to revenues in excess of $3.0 billion, a net income of more than $800 million and a market capitalization of more than $ 28 billion, **28,000 times richer than the offer of $1 million on that day.** In the process Infosys has created more than 70,000 well-paying jobs, 2,000-plus dollar-millionaires.

➢ Captain G. R. Gopinath (Deccan Airline)

Captain Gorur R. Gopinath, founder of India's **first budget airline** called **Air Deccan**. As a child, Gopinath often used to go barefoot to his school in his village Gorur, Karnataka, where his father was a school teacher. The young Gopinath **joined Indian Armed Forces** and rose to the rank of **Captain** within the eight years of service. Later he decided to quit and return to his native place for becoming a **farming entrepreneur**. During late 1970s, he landed at a place called **javgal**, a couple of miles from Gorur, his ancestral village. All of 27, having just left the Indian Army, all he had with him was a tent, some utensils and stretch of barren land that his family had inherited as government compensation.

When he returned home, his mind was afresh with memories of his village where he was born and attended school, where his father was a teacher, where he played bare-foot in the paddy fields and swim in the river hemavati. But now, he found it was in crisis, a dam had been built that flooded the ancestral lands. The government paid compensation in the form of a patch of land, which every villager decided to sell. But Gopinath decided to do farming in that land which was unfit for cultivation.

As an army man, Gopi had seen the life in tough places and wanted to start afresh. He knew it would be a tough journey, but when he saw the land allotted to his family with shrubs all around, it justified his presence there. After an ineffective start at farming, he set up a **gobar gas plant, bought cows for milk and manure.** Then he started **silk worm farming.**

At every step, life teaches you something. As Gopi was still learning to farm, he had a thousand thirsty coconut trees. In the dry season, as there was no electricity, he carried water to the trees by hand, one pail on each side. Then one day he saw a **dhobi's donkey carrying the entire load**. He started dreaming of donkeys. He struck a deal (four donkeys for Rs 65 each per day) and got his money's worth. Every morning, villagers gathered at his farm to see the "mad farmer".

Today, Gopi's farm is like a heaven it has verity of trees, Tall palm and coconut trees grace the area, there are birds, bees, insects, cobras etc.

At some point, Gopi moved Bangalore for his children's education. He meet his old friend from the army and together they realized that there was nobody at that time who was offering **customer-dedicated helicopter services**. The idea took shape and he launched **Deccan Aviation**, his helicopter business. The helicopter service grew and become **Air Deccan**. **He wanted to make every Indian fly at least once.** Thus, Air Deccan was formed as a unit of Deccan Aviation and began its operations in **August 2003**.

India has around 400 airports that were not connected through any flights at all before Air Deccan began operations. The cost of leasing or purchasing planes is the same for

everyone, fuel costs are the same for everyone, and airport landing fees the same, how was Air Deccan able to offer such low-cost tariffs? Simple, by cutting out all the frills. On Air Deccan flights, even water wasn't free. The **exterior of the plane had been sold** to the likes of **Sun Microsystems and NDTV** (as an advertising hoarding) and the **interiors** to the likes of **Chevrolet Tavera** for in-flight promotion.

Air Deccan **created history during august 2004** by flying passengers to Delhi from Bangalore for a fare of only Rs. 500. The budget airline has a capacity of 180 seats, in that 75 percent of the seats offered at rates ranging between Rs 500 and Rs 5,000 and the remaining 25 percent at around Rs 7,500, which was 25 percent less than the normal fare of Rs 10,500 on any other airline. The new fare system devised by the airline was called **Dynafares**. Passengers must book their tickets **90 days in advance** of the date of flight for availing an offer.

In June 2005, Air Deccan introduced **dirty cheap Re 1 scheme**. The logic behind offering 2-3 seats per flight was that it is better to provide seats at dirt-cheap rates, rather than flying with unoccupied seats. The idea behind is to promote sales of tickets.

During June 2006, Air Deccan created another aviation history. It overtook the national carrier Indian (earlier known as Indian Airlines) to become the second-largest domestic airline in the country.

On 1st June 2007 UB group (Vijay Mallya) spent Rs 550 crore for acquiring this stake and Air Deccan later came to be known as **Kingfisher Red**.

In the April 2009 General Elections, Gopinath decided to contest for the Lok Sabha from the Bangalore South Parliamentary Constituency.

➢ INSTITUTIONAL SUPPORT

Institutional aiding SSI classified into 3 categories

1. **Advisory bodies**: Development commissioner for small scale, State small industrial board, Directorate of industries, Export promotional council, SSI associations.

2. **Government institutions**: National small industrial corporation, Commodity boards, Small industries service institute.

3. **Corporate institutions**: State trading corporation, MMTC, ISI, IDBI, Central institute of tools design.

➢ SMALL INDUSTRIES SERVICE INSTITUTES (SISI/MSMEDI)

It was set up by Ministry of industry, Government of India. It is under the control of development Commissioner SISI (SCSISI). There are 58 SISIs all over country including one in each state capital.

Objectives

- To provide consultancy and training to small entrepreneurs-both existing and prospective.
- To serve as an interface between Central and State government.
- To initiate entrepreneurial promotion programs

Its main Functions are:

- To serve as interface between central and state Gov.
- To render technical support services.
- To conduct EDP.
- To initiate promotional programmes.
- Collect Trade and market information's and share it with entrepreneurs.
- Conduct practical training programmes on various trades.
- Arrange displays of various items of big industries to assist SSI to take manufacture of the same and for supplying the same to industries.
- Coordinating the activities of ancillary industries in state

➢ NATIONAL SMALL INDUSTRIES CORPORATION (NSIC):

It is an enterprise under the Union Ministry of Industries, was set up in 1955 to promote aid and foster the growth of small scale industries in the country. NSIC provides a wide range of services, predominantly promotional in character to small scale industries.

Its main Functions are:

- To provide machinery and hire-purchase scheme to small scale industries.
- To provide required leasing facility.
- To help in export marketing of the products of small scale industries.
- To participate in bulk purchase programme of the government.
- To develop prototype of machines and equipment's to pass on to small industries for commercial production.

- To distribute basic raw materials among small scale industries through raw material depots.
- To help in development and upgradation of technology and implementation of modernization programmes of small scale industries.
- To impart training on various industrial trades.

➢ SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

Small Industries Development Bank of India (SIDBI) was established as wholly owned subsidiary of Industrial Development Bank of India (IDBI) under the small Industries Development of India Act 1989. It is the principal institution for promotion, financing and development of industries in the small-scale sector. It also coordinates the functions of institutions engaged in similar activities. For this purpose, SIDBI has taken over the responsibility of administrating Small Industries Development Fund and National Equity Fund from IDBI Capital.

SIDBI started its operations from April 1990 with an initial authorised capital of Rs. 250 crore, which could be increased to Rs. 1000 crore. It also took over the outstanding portfolio of IDBI relating to small scale sector held under Small Industries Development Fund as on March 31,1990 worth over Rs. 4000 crore.

Objectives of SIDBI

In the setting up of SIDBI, the main purpose of the government was to ensure larger flow of assistance to the small-scale units. To meet this objective, the immediate thrust of the SIDBI was on the following measures:

(i) Initiating steps for technological upgradation and modernisation of existing units;

(ii) Expanding the channels for marketing the products of the small scale sector; and

(iii) Promotion of employment-oriented industries, especially in semi- urban areas to create more employment opportunities and thereby checking migration of population to urban areas.

The major functions of SIDBI are

- It refinances loans and advances provided by the existing lending institutions to the small-scale units.
- It discounts and rediscounts bills arising from sale of machinery to and manufactured by small-scale industrial units.
- It extends seed capital/soft loan assistance under National Equity Fund, Mahila Udyam Nidhi and Mahila Vikas Nidhi and seed capital schemes.
- It grants direct assistance and refinance loans extended by primary lending institutions for financing exports of products manufactured by small-scale units.
- It provides services like factoring, leasing, etc. to small units.
- It extends financial support to State Small Industries Corporations for providing scarce raw materials to and marketing the products of the small-scale units.
- It provides financial support to National Small Industries Corporation for providing; leasing, hire purchase and marketing help to the small-scale units.

It also performs the following functions:

Indirect finance: Refinance scheme is used catering to the of funds of eligible primary lending institution (PLIs) for financing small scale industries.

Direct finance: Through 38 of SIDBI's own offices by means of several tailor-made schemes to provide financial assistance to specific SSI target groups.

Promotional and development activities: Like human resource development in SSI sector, technology upgradation, programs on environment and quality management, market promotion etc. by involving accredited non-government organization, voluntary organization, scientific and research institution etc.

➢ KARNATAKA INDUSTRIAL AREAS DEVELOPMENT BOARD (KIADB)

It is wholly owned infrastructure agency of government of Karnataka, set up under Karnataka industrial Areas development act of 1996. This board function as per statutory provisions, rules and regulations enacted under them, board of members meet regularly to take decisions and monitor functions.

KIADB holds pride in being the 1St government organization in Karnataka to obtain ISO 9001 certification in the year 1997, now KIADB is following ISO 9001:2000 module covering its functions of land acquisition, development and allotment functions in Bangalore urban and rural areas.

Objectives

- Promote rapidly and orderly development of industries in the state.
- Assist in implementation of policies of government within the purview of KIAD act.
- Facilitate for establishing infrastructure projects.
- Function on cooperate lines "no profit, no loss".

Functions

- Acquire land and form industries areas.
- Provide all infrastructure to such industrial areas.
- Acquire land for single unit complexes.
- Acquire land for government agencies for their schema and infrastructure projects.

Some projects of KIADB executed:

- Acquisition of about 4316.25 acres of lands for Bangalore international airport ltd.
- Acquisition of about 1850 acres of lands for harbor at tadri in uttar Karnataka district.
- Acquiring and developing of about 430 acres of land for m/s tayota in bidadi at bangalore district.

➢ KARNATAKA STATE SMALL SCALE INDUSTRIES DEVELOPMENT CORPORATION (KSSIDC)

- It was established in1960 by Government of Karnataka KIADB(Karnataka industrial area development board) ,a part of KSSIDC acquires land for industrial purpose, development and allots developed places for entrepreneur .

- KSSIDC has promoted establishment of ancillary units to help PSU'S like BEL, ITI, HAL, NGEF, BEML etc., it has constructed 86 plots for SC/ST entrepreneurs.

- It has established 98 industrial estates in all districts and major Taluks.

- Industrial estates have other infrastructure like roads, drainage, street light, water supply, and common service buildings like bank, post office, canteen etc.
- It provides ready built sheds and small plots and has made them available for allotment for entrepreneur.

- It has opened raw material depot in all districts of state. Its regional offices are in Bangalore, Mysore, Belgaum, Gulbarga, Hubli, Tumkur, Shimoga, and Mangalore.

Objectives

- To promote and develop SSI in state.
- Construction and utilization of infrastructure, especially in backward areas, procurement and marketing raw materials, technical support and assistance.
- To take up activity aimed at rapid development of SSI.

Functions

- To establish and manage industrial estates.
- To procure and distribute scare and raw materials to various SSI.
- To provide assistance towards marketing of product from various SSI'S.
- To organize national level and international level exhibition and facilitate exchange of information.
- To supply machinery and hire purchase scheme.
- Provide guidance to SSI entrepreneurs.

- Provide technical library facilities to help entrepreneurs.
- Provide laboratory facilities in coordination with Indian standard institute.
- An important arm of the state in bringing industrial boom in various sectors, KSSIDC has assisted 135 start-up ventures through equity participation to the extent of RS 118.28 crores spread over the length and breadth of the state.
- KSSIDC has also extended financial assistance in the form of core sector industries like steel, cement, mining and textile and modern's sector industries like information technology, aviation, telecommunication, and other infrastructure projects to the extent of around Rs. 2,223 crores.
- KSSIDC has been instrumental in establishing Jindal Vijayanagar Limited (presently JSW Limited), Vikrant Tyres Limited, Karnataka Antibiotics and Pharmaceuticals Limited, to name a few.
- Persistent efforts of KSSIDC as the nodal agency of the state aided in realizing the dream of setting up the country's first green field international Airport at Devanahalli on public private sector partnership. This has bought in international standards in the aviation sector. Established at a cost of Rs. 2,000crores, the airport is presently meeting the surge of air traffic in Bangalore.

➢ **TECSOK (Technical Consultancy Service Organization of Karnataka)**

These organizations are highly useful to entrepreneurs in providing many services and are found in almost all states.

It was established in 1976 by government of Karnataka. Its office is located in Nrupatunga road, Bangalore.

It helps entrepreneurs in preparation of feasible reports at a subsidized cost.

Nature of Support: Multi-disciplinary: Technical, Industrial and Management Consultancy.

Objectives:

- ➢ To provide reliable consultancy support for entrepreneurs to start up self-employment ventures in Karnataka.
- ➢ To provide consultancy services to various departments and agencies of state and central government.

Functions:

- Location specific identification of investment opportunities.

- Assistance in obtaining statutory and procedural clearances.
- Feasibility studies and environment impact studies.
- Preparation of detailed project reports as per investment norms and financial norms.
- Market survey and research.
- Project implementation and turnkey assistance.
- Reorganization and restructuring of enterprise.
- Valuation of assets, manpower planning and budgetary control system.
- Energy management and audit, corporate plan, technology transfer.
- Diagnostic studies and rehabilitation of sick industries.
- Designing and organizing training programmes.
- Management studies, company formation, corporate plan, enterprise restructuring.
- Port tariff study and related areas.
- Consultancy for agro-based industries as a Nodal Agency of government of India.
- Consultancy for mergers /takeovers.
- Infrastructure development projects.

➢ STATE FINANCE CORPORATION (SFC):

It was set up in 1948 to provide financial assistance to medium and large-scale industries. Later by 1951 role was extended to assist SSI (small scale industry). The first SFC was set up in Punjab in 1953. Today there are 18 SFC's in country which exists in almost in every state and union territory of the country. Each SFC has its own Managing Director, Executive Director, Board of Directors and Management team to take care activities independently.

➢ KARNATAKA STATE FINANCE CORPORATION (KSFC):

State Finance Corporation in Karnataka is called Karnataka state finance corporation.

Objectives:

- ➢ To cater to financial requirements of small scale units.
- ➢ To extend medium and long-term credits to units which fall outside the purview of Industrial Finance Corporation and public-sectors banks.

Functions of SFC's:

- To promote self-employment for professionally qualified men and women entrepreneur interested in starting their own project.
- Financial assistance for expansion, modernization and mechanization in the existing set up.

- Financial assistance for rehabilitation of sick units.
- To provide term loans for purchase of land, building, machinery and other facilities.
- To provide financial assistance for transport vehicle and tourism related activities.
- To arrange EDP and seminars for upcoming Young industrialists.
- To provide financial assistance for quality improvement and environmental control needs.

Problems of SFC's:

- Since SFC's are stated by respective state government, the usual problems of state bureaucracy of procedures delays, castism and favouritism do occur.
- In case of repayment very strict procedures are followed.

➢ DISTRICT INDUSTIRES CENTRE'S (DIC)/SINGLE WINDOW CONCEPT

It was established in May 1978 in order to catch the needs of small units.

The main function of DIC is to act as chief coordinator or multifunctional agencies in respect of various govt. Departments and other agencies. There are about 400 DICs in India Nature of support Information and consultancy services, industrial inputs.

Objectives:

- To effectively promote cottage and SSI in rural areas and in small towns.
- To act as single window agency to help the entrepreneur with all information under one roof.
- To serve as integrated administrative frame work at district level for industrial development.

Functions:

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

- To undertake product development work appropriate to small industries.

➢ Introduction to IPR (Intellectual Property Rights):

Intellectual property is an asset for an entrepreneur. It consists of certain intellectual creations by entrepreneurs or their staffs that have commercial value and are given legal property rights. Example of such creation are a new product and its name, a new method, a new process, a new promotional scheme and a new design.

A fence or a lock cannot protect these intangible assets. Instead, Patents, Copyrights and Trademarks are used to prevent competitors from benefiting from an individual's or firm's ideas.

Protecting intellectual property is a practical business decision. The time and money invested in perfecting an idea might be wasted if others could copy it. Competitors could charge a lower price because they did not incur the start-up costs. The purpose of intellectual property law is to encourage innovation by giving creators time to profit from their new ideas and to recover development costs.

Intellectual property rights can be sold, licensed or given away freely. Some business have made billions of dollars by licensing or selling their patents or trademarks. Every entrepreneur should be aware of intellectual property rights to protect these assets in a world of global markets. An intellectual property lawyer can provide information and advice.

The main forms of intellectual property rights

Patents: A patent grants an inventor the rights to exclude others from making, using, offering for sale or selling an invention for a fixed period – in most countries, for up to 20 years. When the period ends, the patent goes into the public domain and anyone may use it.

Copyrights: Copyrights protect original creative works of authors, composers and others. In general, a copyright does no protect the idea itself, but only the form in which it appear- from sound recordings to books, computer programs or architecture. The owner of copyrighted material has the exclusive right to reproduce the work, prepare derivative works, distribute copies of the work, or perform or display the work publicly.

Trade Secrets: Trade secrets consist of knowledge that is kept secret to gain advantage in business. "Customer lists, sources of supply of scarce materials, or sources of supply with faster delivery or lower prices may be trade secrets" explains Joseph S. Iandiorio, the founding partner of Iandiorio and Teska, an intellectual property law firm. "Certainly, secret processes, formulas, techniques, manufacturing know-how, advertising schemes, marketing programs and business plans are all protectable."

Trade secrets are usually protected by contracts and nondisclosure agreements. No other legal form of protection exists. The most famous trade secret is the formula for CocaCola, which is more than 100 year old.

Trade secrets are valid only if the information has not been revealed. There is no protection against discovery by fair means such as accidental disclosure, reverse engineering or independent invention.

Trademarks: A trademark protects a symbol, word or design used individually or in combination to indicate the source of goods and to distinguish them from goods produced by others. For example, Apple customer uses a picture of an apple with a bite out of it and the symbol ( ) which means registered trademark. A service mark similarly identifies the source of service. Trademark and service marks give a business the right to prevent others from using a confusingly similar mark.

In most countries, trademarks must be registered to be enforceable and renewed main in force. However, they can be renewed endlessly.