

# PROJECT MANAGEMENT AND ENTREPRENEURSHIP

Dr. VASANT DESAI



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- Project Management
- Product
- Economic Evaluation
- Project Analysis
- Planning and Execution of Projects
- Entrepreneurship

DR. VASANT DESAI

Second Revised Edition: 2017



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# ॥ Shradhanjali ॥

"na jayate mnyate va kadachin  
nayam bhutva bhavita va na bhuyah  
ajo nitya sasvato yam purano  
na hanyate hanyamane sarire"

*"For the soul there is neither birth nor death at any time.  
He has not come into being, does not come into being  
and will not come into being.  
He is unborn, eternal, ever existing and primeval.  
He is not slain when the body is slain"*



## SHRI DURGA PRASAD PANDEY

[August 06, 1937-July 03, 2005]

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A towering Personality who built the Pioneering Publishing House  
and scaled it to new heights.

## Lessons from Change

Research shows that high performing companies across sectors and countries share a common agenda to drive market success. High performers are consistently:

- Seeking to develop a broader and deeper view of their market opportunities, today and tomorrow
- Being more innovative in strategy and structure than their competitors, more collaborative with partners and more questioning of themselves and their potential
- Taking a much more holistic and long-term approach to their people and communicating more frequently and transparently to both their internal and external stakeholders
- Broadening their understanding of risk in their market and from their actions, and tightening their execution and key support processes to mitigate that risk
- Pursuing and attaining greater speed in making and executing decisions to take advantage of their changing market

**SOURCE:** ERNST & YOUNG

## PREFACE



Project management and entrepreneurship are the two faces of a coin, assuming greater importance since the 90s and are bound to be one of the dominant topics of discussion and study during the 21st century and beyond. This is as it should be to accelerate the pace of industrialisation as an important plank of economic growth.

Successful new business ventures and economic development do not just happen. They are the result of the combination of right environment, planning, effort, and innovation. And this right mix can only be achieved by the entrepreneurs. They provide a clear blueprint for stimulating research, technology and finance to help promote matured enterprises. At the same time, they enrich the ecosystem and give a boost to economic growth. Economic growth refers to an increase in a country's production or income per capita, with economy's total output of goods and services being measured by Gross National Product (GNP). At the present juncture, the country needs much more than growth. Economic development, on the other hand, goes beyond economic growth to include changes in output, distribution and economic structure, which may affect such things as improvement in material well-being of the poor, technical breakthrough, increase in economic activities, increase in the educational level and improvement in health.

One of the great things about being an entrepreneur in the 21st century is there's no age barrier. The days when you were pretty much required to slog away in middle management in corporate America for decades before banks considered you mature enough to take out a loan and strike out on your own are so gone. Now, the internet has made starting up on a shoestring easy, and businesses routinely sprout in college rooms – think Mark Zuckerberg and Facebook.

Project management is no longer about managing the sequence required to complete the project in time. It is about systematically incorporating the voice of the customer, creating a disciplined way of prioritising efforts and resolving trade-offs, working concurrently on all aspects of the project in multifunctional teams. It also involves closer links between project team and downstream activities.

Project management is currently not overburdened with theory, but is practically based on the new management agenda which has been set up by the end of Taylorism and the rise of participative management, the popular adoption of equity management and the empowerment of customers. The subject of management has grown from an off-shot of investigations into human behaviour to become a vast discipline. It has a technical specialism, not only of the area in which the project is taking place, but of the techniques associated with project management.

Project management primarily deal with the four phases of project planning, project implementation, project evaluation and project monitoring. Project management is a tool of entrepreneurship, enterprise and economic growth.

Project management practice is best studied under the context of its life cycle. A possible project life cycle is outlined here as under. Projects have to pass through the following four phases: Project planning, Project implementing, Project monitoring and Project evaluation.

Entrepreneurship management is basically concerned with the development and coordination of entrepreneurial functions. An effective organisation, sound planning, proper coordination of business activities and rational decision making are the important aspects of entrepreneurship management. The foundation of effective management needs both policy and strategy to be determined and made known.



There is a critical gap between the supply and demand of qualified professionals to handle projects at the highest level of governance in India. In 2009, a world report ranked project management as the third most desired skill required by business professionals, behind only leadership/negotiation and business analysis. The purpose of the book is to describe the essential features of project management and entrepreneurship to provide a sense of direction for planners and policymakers, on the one end, the emerging crop of young entrepreneurs, both men and women, educated, uneducated, professional and non-professional, to reap immense benefits and decide the future course of action, on the other. In fact, this book is not a fresh beginning. Nor is it the last word. Subsequent studies will elaborate on many of the issues raised here.

The study can be read by any one interested in economic revitalisation, rapid industrialisation, growth and development of an area, economic planners, big and small entrepreneurs, bankers, industrialists, members of chamber of commerce and industry and every concerned citizen, who is an entrepreneur at heart. It is hoped that the book will stimulate entrepreneurs to actively participate in the economic growth of the country. It serves as a toolkit to all entrepreneurs with a new vision and a new insight.

It makes an in-depth analysis of various facts of entrepreneurial development, particular in establishing innovative enterprises, and creating employment opportunities for millions in urban and rural areas.

It underscores the fact that the process of management development, research and consultancy should be entrepreneurially oriented, which would churn out professional entrepreneurs who will contribute to the country's economic growth.

## **A Creative Study**

The present study is not only creative, but also cohesive and integrated. And, it will assist in right policy formulations with an eye on an ideal environment for entrepreneurial development in India and other developing countries. It will offer entrepreneurs a rich fare of stimulating ideas, a new vision and challenging insights. People engaged in entrepreneurial development, entrepreneurial management and the training of professionals in industry, agriculture and trade, administrators, planners, economists, consultants, bankers, project officers, financial institutions – all these will find these three volumes to be quite stimulating and interesting. The study will assist in accelerating and steering the process of economic growth in the right direction.

## **Outline of the Book**

The study comprises of thirty-one chapters grouped into six sections:

- |   |  |
|---|--|
| <i>Section 1</i><br><i>Project Management</i>                 | – deals with the concept of project appraisal, project management evaluation and monitoring.   |
| <i>Section 2</i><br><i>Product</i>                            | – examines project ideas, selection and design of product and demand forecasting.  |
| <i>Section 3</i><br><i>Economic Evaluation</i>                | – deals with economic evaluation, feasibility analysis, break-even evaluation, environmental regulations and assistance from financial institutions.   |
| <i>Section 4</i><br><i>Project Analysis</i>                   | – examines project analysis, investment process, term-loan process and profitability analysis.   |
| <i>Section 5</i><br><i>Planning and Execution of Projects</i> | – critically examines planning and execution of project; and covers location, design and layout, project planning, resources scheduling, network analysis, implementation, material control and project direction, coordination and control. |

*Section 6*  
*Entrepreneurship*

- introduces the concept of entrepreneurship, enterprise, the entrepreneurial traits and skills and the role of entrepreneurs.

The objective of this book is to introduce students to project planning and execution to develop entrepreneurship by developing skills, sharpening analytical analysis and enhancing understanding of self and environment.

The unique book has been designed for performing entrepreneurs with high potential to be effective project managers/entrepreneurs. To students, it strives to provide an upright insight into project management and entrepreneurship.

I do not make any claim to originality or comprehensiveness. Rather I have sincerely attempted to bring together the scattered literature on the subject. However, the presentation of the subject is my own creation.

In the preparation of this book, I have drawn heavily from the published works in the sphere of entrepreneurial development and project management.

I hope that the students, teachers, the policymakers, entrepreneurs, project managers, and others interested in the subject will find the study useful.

I look forward to receiving suggestions from them for improving the contents and presentation of this book.

## **Acknowledgements**

I am grateful to those who have helped me in compiling the matter for this book. While I take this opportunity to think all of them – they are too numerous to be mentioned in this brief preface – I would like to acknowledge my deep sense of gratitude to Dr. Narendra Kumar for his ungrudging help at all stages, and to the many veteran professional entrepreneurs, project managers and consultant economists for their precise guidance. Thanks are also due to Shri B.N. Nilaver, Shri K.N. Pandey, Shri Anuj Pandey, Shri Neeraj Pandey, Phalguni Ravi and M.V. Desai for their suggestions for affecting a number of stylistic movements.

Lastly, no words can adequately express my debt of gratitude to my late father, Shri Ranganath Balwant Mutalik Desai, and my late mother, Smt. Laxmidevi, for generating in me a perennial interest in higher studies. I will be failing in my duty if I do not mention here the tremendous cooperation I received from my wife in the completion of this study in particular, whose patience, support, encouragement, understanding and love helped to bring this effort to fruition.

The Himalaya Publishing House Pvt. Ltd., which is in the forefront of publishing of management studies, enthusiastically published the third revised edition. I wholeheartedly thank them. Finally, I thank all those who directly or indirectly helped in presenting this study in a new format.

**Vasant Desai**

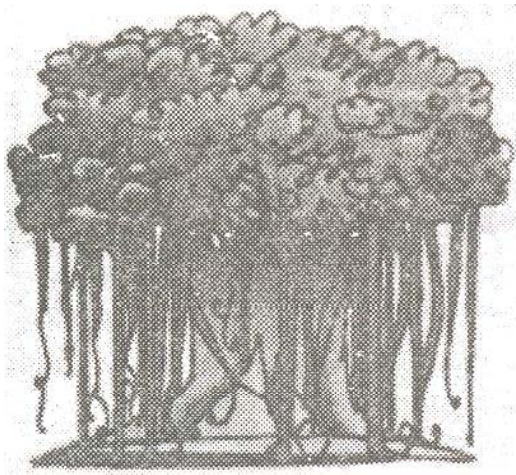
Mumbai



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## IN SEARCH OF LEADERSHIP

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“Leadership is the capacity to frame plans which will succeed and the faculty to persuade others to carry them out in the face of all difficulties.”

“Knowledge is like money. To be of value, it must circulate and in circulating it can increase in quantity and hopefully, in value.”

**LOUIS L'AMOUR**

“A good manager is one who gets the maximum from his equipment. A better manager is one who gets the maximum from business. And a far better manager is one who plants seeds of thinking in the minds of his men.”

“Growing and developing others is one of management’s key responsibilities. The traditional view of management is getting work done through people, but strong leaders develop people through work.”

**JIM CLEMMER**

A true leader is one whose efforts are directed primarily towards the growth of the company and the means of achieving organisational goals.

Conviction and competence are the other traits that define a good leader and contribute to his ability to achieve success for his organisation. While commitment and motivation are generally classified as relative terms, they are instrumental in contributing to a team’s success. The leader, on his part, must work towards mastering the art of motivating his team and sustaining its commitment levels, both of which can be very challenging.

A transparent work environment fosters trust and better cooperation among team-members. Such an environment encourages more interaction between the team and eventually results in more creative and quality output.

Patience and a practical approach contribute handsomely to the long-term success of the team. True leadership, therefore, is not only about being patient and practical as a leader, but also about instilling these qualities in each team-member. It is, after all, not individual effort, but teamwork that ultimately leads to the company’s success.

Leaders who think ahead of their times and start their journey at the grassroots level are most likely to succeed in their efforts. Dreaming and working towards realising those dreams, however difficult the path may be, what makes for success as a leader and as a human being.

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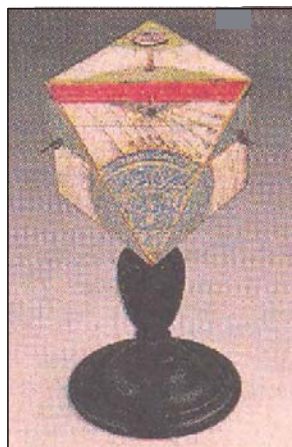
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# 1

## CHAPTER

# INTRODUCTION

## OVERVIEW

Liberalisation is here to stay. The results of economic liberalisation have been dramatic. Industrial enterprises have grown, technology widened, instruments have proliferated. Indeed, for the entrepreneur, the landscape has been completely redrawn. Project management has assumed greater importance with the accelerated growth of entrepreneurship.

## A PROJECT

It is known that a project is planned to achieve a specific objective which calls for a specific authority to implement it.

Every project has three basic attributes: the input characteristics, output characteristics and the social cost-benefit characteristics. The input characteristics define what the project will consume. Projects require raw materials, energy, manpower, financial resources and an organisational set up. In order to make the input characteristics of project explicit, it is necessary to evaluate the nature as well as the magnitude of each of these essential inputs.

The output characteristics of a project define what the project will generate production of additional goods, provision of additional services. In either case, it is essential to have a broad idea of quantitative as well as qualitative of the project outputs. It also becomes necessary in case of quantifiable projects to assess financial outputs which the project will generate.

Input and output characteristics of a project define the impact of the project on the project implementing body and the environment. Every project, however, has a social cost-benefit aspect which affects the current equilibrium of the availabilities and non-availabilities in an economy and thus involves the entire society in its implications. The sacrifice which the society will be called upon to make and the benefits which will be accrued to the society have therefore to be carefully evaluated.

The identification of the project characteristics provides the basic information, which along with the information obtained from a study of the project implementing body and the environment forms the basis of evaluation of the feasibility prospects of the project idea.

More importantly, an appraisal of a project must be carried out in explicit, well defined, preferably standardised terms and should be based on sound economic logic. Informal and cursory treatment should give way to thorough and rigorous analysis. The setting up of an enterprise should be based on careful and sound evaluation. Project appraisal brings credibility to a project and protects from in-built weaknesses. And a healthy and viable industry comes up.

## PROJECT MANAGEMENT

Projects are the vital means of development and economic uplift. They generate additional capital and ensure flow of goods and services to the nation. In India, large sums have been and are being spent on various projects for providing infrastructural facilities and for meeting the developmental needs.

Project management is one for the oldest forms of management. Dating back to the development of civilised centres of living, it has come of age with the development of infrastructure for modern day living.

Project management practice is best studied under the context of its life cycle. A possible project life cycle is outlined here as under: Projects have to pass through the following four phases: Project planning, Project implementing, Project monitoring and Project evaluation.

Project planning is a cyclic process. It comprises a series of steps to be taken to convert an idea into a feasible plan of action. It aims at a systematic analysis of project potential with the ultimate objective of arriving at an investment decision. In this process, it makes an objective assessment from all possible angles starting from identification of investment options up to its appraisal stage. It includes project identification, technical analysis, financial analysis and project appraisal.

In the context of project management cycle, implementation involves allocation of tasks to groups within the project organisation. This stage has to be given utmost importance to derive the intended objectives. Deficiencies in implementation are also found due to inadequate planning of projects at the initial stage.

### The 7-S of Project Management

Element	Description
<b>Strategy</b>	The high-level requirements of the project and the means to achieve them.
<b>Structure</b>	The organisational arrangement that will be used to carry-out the project.
<b>Systems</b>	The methods for work to be designed, monitored and controlled.
<b>Staff</b>	The selection, recruitment, management and leadership of those working on the project.
<b>Skills</b>	The managerial and technical tools available to the project manager and the staff.
<b>Style/Culture</b>	The underlying way of working and inter-relating within the work team or organisation.
<b>Stakeholders</b>	Individuals and groups who have an interest in the project process or outcome.

The purpose of any successful project implementation is to ensure that the project activities are completed within the schedule and the budgeted provisions, leading to desired quantum of benefits flowing there from. The project implementation implies initiating the project, specifying and scheduling the work, clarifying authority responsibility relationship, obtaining resources, establishing control system, directing and controlling and finally terminating the project.

Project monitoring enables a continuing critique of the project implementation. It involves watching the progress, resources and performance schedules during the execution of the project and identifying lagging areas requiring timely attention and action. It also facilitates imparting such constructive suggestions like rescheduling the project, rebudgeting or reassessing the staff.

Project evaluation is designed to examine the worth, significance, degree or condition of any given project. The primary purpose of evaluation is to provide objective, systematic and comprehensive evidence on the degree to which the project achieves its intended objectives plus the degree to which it produces other unanticipated consequences. Thus, evaluation of the project management cycle can be described as an integrated objective assessment of progress and its overall impact.

## OBJECTIVES OF PLANNING

### Core Competence

Core competency provides a competitive advantage. A core competence represents a bundle of skills that are not widely available in an industry. It is not easily copied, is capable of being applied across several existing and new businesses, and provides clear benefits to customers. Assets (large factories) infrastructure (distribution systems), privileged access to resources (low-cost energy sources), and protected markets (government-sanctioned monopolies) are not core competencies even though they may lead to higher than average profits under some circumstances.

### Four Ways of Going Global

There are four entry level options for Indian players seeking a global market. The first route which is the most basic, and followed by the majority of Indian players, entails a local manufacturer serving as a *sourcing agent* for local distributors in that country. However, this is at best a short-term strategy susceptible to the whims of distributors.

The second entry option is a collaborative effort wherein local agents provide the distribution and marketing input to the Indian company. This route is followed by many Indian players including Titan, Balsara, Maruti Udyog and Bajaj Auto.

The Indian company retains control over key marketing and branding issues. Clearly a long-term entry option, the arrangement gives the marketer a controlling interest and an assurance of commonality of product messaging and packaging, irrespective of the country the brand is being sold in. In such an arrangement, the Indian marketer provides development material and business promotion options to local distributors, and media costs are shared jointly by the two parties involved.

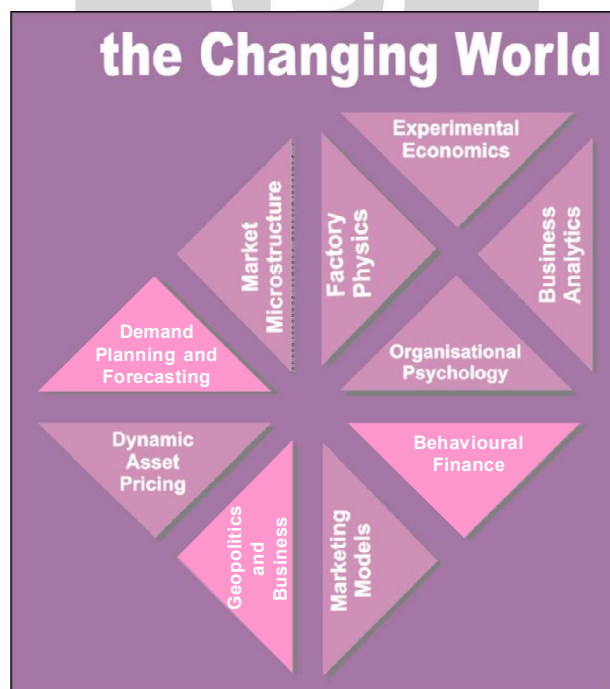


Marketers opting to follow the third route make a solo entry through independent distributors, in a manner similar to the route followed in India. However, this route is usually followed only in countries that offer a consumer profile closest to India, since it is a highly expensive route and open to failure.

The fourth more convenient and easily accessible alternative is to start as a private label supplier at the lower price and through the mass merchandising outlets of foreign buyers. Balsara is probably the best example of an Indian company taking the private label route articulately in the North American and European toothpaste markets. Of late, however, market analysts claim that this route is no longer as viable as it once was with private label marketing wars rampant in the US. Moreover, private label manufacturers can at best be called global suppliers.

### Socio-economic Change

The process of socio-economic change is an intrinsic part of human civilisation. Man has been striving ceaselessly to discover the secrets of nature and thereby benefit immensely in creating a peaceful, rich life for himself and his fellow-beings. Man has benefited by agricultural, industrial and information activities. According to J.K. Galbraith, there are three types of economic development that are currently in vogue. These are symbolic modernisation, maximised economic growth and selective growth. Economic growth is the *sine qua non* of change and better living standards. Over the years, a middle-of-the-road social democratic thinking is becoming consolidated.

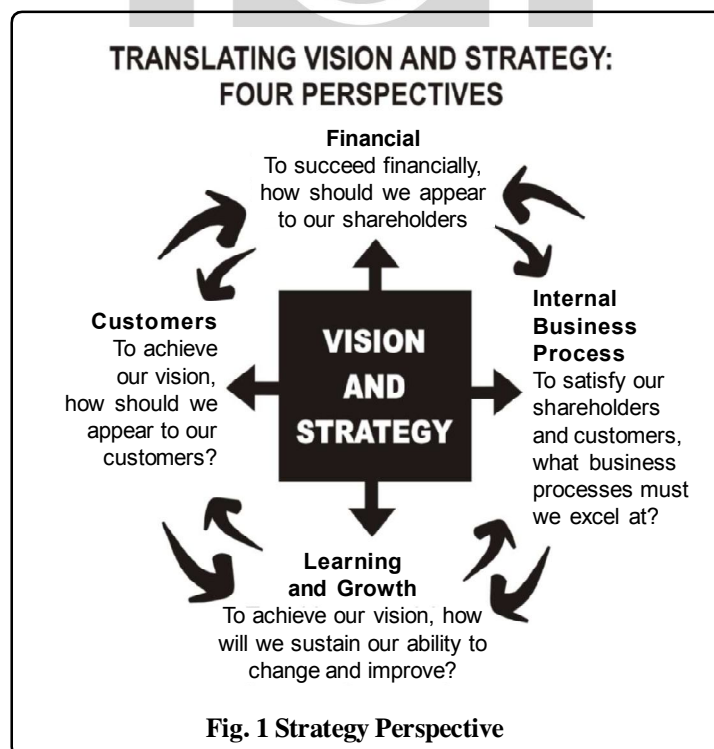


## Global Competitiveness

Globalisation is praised for bringing new opportunities for expanded markets and the spread of technology and management expertise, which in turn hold out the promise of greater productivity and a higher standard of living. Conversely, globalisation is feared and condemned because of the instability and undesired changes it *can* bring; to workers who fear losing jobs to competition from imports; to banks financial systems and even the entire economics that can be overwhelmed and driven into recession by flows of foreign capital.

The vital need for attaining global competitiveness has resulted in widespread restructuring across corporate India. Increasing consolidation – in search of globally scaled capacities, technology of upgradation and focus on core competencies are the cornerstones of this restructuring process. The government too has recognised the significance of corporate restructuring in a competitive environment and accordingly, several fiscal and legal changes are envisaged to facilitate the process of mergers and demergers.

Globalisation has been a two-way process and in the context, globally competitive players have been actively seeking opportunities for wealth creation. The shift from industrial revolution to the information revolution and now the knowledge revolution has ensured that knowledge intensive industries are poised for tremendous growth. The information technology and pharmaceutical industries are two clear examples. Companies in these sunrise industries have created a sustainable and difficult-to-replicate “intangible” advantage based on their human capital. As Indian industry matures, many of these companies will act as pathbreakers and trendsetters.



As business becomes more global and competition for capital increases, greater emphasis is being laid on corporate governance as a mechanism for effective control and enhancement of stakeholder value.

The globalisation of production has created tremendous economic opportunities, but major efforts will be needed to make the India's economy flexible enough to reap the benefits, while minimising the associated dislocations. Adjustment costs are already evident in growing income disparities in the varied spheres.

With India's growing importance in the world economy, India has a unique role. Reforms are needed to balance manufacturing and service sectors, to rebalance growth away from self-reliance towards exports. Such efforts would not only be in India's interest but would also have positive spillovers to the rest of the world.

Following reforms in the early 1990s, India has become a global leader in service exports, even though its impact on the regional and global economies has so far been more limited.

### **Economic Reforms**

The economic reforms initiated in 1991 have had an invigorating effect on various sectors of the economy which is now poised for accelerated growth in the years to come. Industrial production has picked to an impressive rate and in fact is a major contributor to the high growth rates of GDP. Progress have to be made slowly and steadily, but we must continue to move towards transparency, quality awareness and Total Quality Management. If Indian industry is to be globally competitive, then the liberalisation process has to be sustained over the next decade.

### **Sustained Economic Growth**

The primary objective of developing countries like India is to achieve rapid, balanced and sustained rate of economic growth. Hence, efforts are directed towards the creation of conditions in which a fast development of productive resources can take place. This inevitable necessitates the transformation of social and economic structures which will not restrain the potential productive forces and inhibit the development of resources. The state has, therefore, to devise efficient and effective political, economic, social, technological and cultural strategies so as to ensure a desirable coordination of all sectors of the economy and assure deliberate and requisite interest and involvement of the people with this approach social change can be achieved. This is largely secured by adopting politically the technique of planning and, economically, the tool of management. Country after country in the underdeveloped world is progressively and intensively resorting to liberalised privatised globalised and market-oriented economy and to a restructured and neo-cultured society.

### **Economic Development**

Economic development, if conceived without appropriate social changes, soon becomes stultified and stagnated. Comprehensive national planning is increasingly becoming an instrument of socio-economic transformation in developing countries. Planning delineates strategies. It also determines policies consistent with the political philosophy of the party in power. There seems, however, nothing like universal precepts

of planning, though concepts of planning are emerging with experience gained all over the world. One does not naturally observe a uniform approach to planning. There is bound to be as much diversity in national planning, as multiplicity of political philosophies and dissimilarity in the state of economies.

## THE CHALLENGES OF GROWTH AND DEVELOPMENT

The world economy continues to be in a state of turmoil. The hope of a global economic recovery looks distant with the crisis not abating in the eurozone, the US economy still in slow motion, and the persistent contraction in Japan. The declining growth rates in China, India and Brazil – the poster nations of the emerging world - are also a cause of significant concern. Global unemployment rates have surged this year. Governments across the world are confronted with dwindling revenue and more vociferous demands for economic stimuli.

The problems, however, are far more deep rooted. After more than a century of economic progress, we live in a significantly unequal world. The UN Human Development Report data, a barometer of the world's real progress, suggests that nearly two billion people in the world still live in multi-dimensional poverty. By this measure, more than 600 million people in India are severely deprived. Recent OECD studies reiterate that income inequalities have actually widened in the last 30 years in a majority of advanced nations as well as emerging economies.

And that is not all. The race for unbridled material growth has left a planet seriously depleted of environmental resources and perched on the brink of a disaster. The world's ecological footprint suggests that consumption of natural resources every year is one-and-a-half times more than the earth's capacity to regenerate. At this rate, the world will bequeath future generations a barren planet in less than 30 years from now.

India has not been impervious to the global contagions of either the recession or the baggage of unsustainable development. One-third of the world's poor live in India. With 17% of the world's population, India accounts for only 2.4% of the global land mass, 4% of the world's freshwater resources and 1 % of the global forest resources. The list of core challenges is therefore significantly intimidating. Poverty alleviation, livelihood creation, food security, water availability and access, provision of education and health care, energy security, Infrastructure creation, environmental replenishment are all issues that need urgent attention.

The recent economic slowdown in India is therefore a concern, because it limits the capacity to tackle these enormous developmental challenges. The widening fiscal and current account deficits, persistently high and sticky inflation, coupled with a depleted appetite for investment, continue to stifle early economic recovery. The imbroglio on several important long-term policy issues is only adding fuel to this fire. The lack of consensus on issues like GST is particularly disconcerting given the well-acknowledged benefits of such a system in terms of tax buoyancy, collection efficiency and facilitation of one common market for India. It is imperative that urgent solutions are found to break this policy impasse and signal a growth impetus that can once again rebuild confidence in the economy.

## CREATING COMPETITIVE INDIAN ENTERPRISES TO SERVE NATIONAL PRIORITIES

The large current account deficit also implies that a significant proportion of domestic enterprises are yet to attain international competitiveness. In a globalised economy with a liberal trade regime, it is critically important to build internationally competitive Indian enterprises that have the capacity to create value-added products and services which contribute either to import substitution or to exports. Such competitive Indian enterprises will enable a fair and balanced exchange of goods and services in an open trade regime contributing eventually to reducing the large deficits on the trade account.

India's developmental challenges are, however, of colossal proportions. Meaningful economic development requires that growth drivers not only create large-scale sustainable livelihoods but also augment environmental capital. Unfortunately, this is easier said than done. Achieving sustained higher growth rates is in itself a challenge at the current moment. Making that growth process socially equitable and environmentally sustainable will require herculean efforts. More than ever before, this calls for every segment of society to rise beyond sectarian and narrow interests to subserve larger national goals and together create enduring value for our society.

There is no doubt that corporate enterprises are uniquely placed to make an invaluable contribution, given their role as powerful drivers of economic growth. It is time that business and industry ask what they can do for the country before seeking a response to what the country can offer them. It is my strong belief that India's ability to address its myriad challenges will critically depend on its capacity to establish and support world-class 'Indian enterprises' that are passionately driven by the vision to subserve larger national priorities.

It is time to support the emergence of National Champions who will be repositories of intellectual capital, have strong R&D capability, a vibrant bandwidth of human capital inspired to serve larger national goals, and above all, the competitive capability to create business models that deliver larger societal value.

**What distinguishes a truly vital "Indian enterprise" is its depth of commitment to the Indian economy.** Such Corporate Champions innovate to create, capture and retain comprehensive value for the Indian society by building assets in the country, by contributing to a virtuous economic cycle of investment, by generating and redeploying surpluses for national economic growth, and by creating sustainable livelihoods. These vital 'Indian enterprises' leverage best-in-class technology, resources and capital from all over the world to create enduring assets for the nation. Thus an 'Indian' Corporate Champion is borne out by its approach and commitment to the Indian economy, and the outcomes of its enterprise, rather than by the source of its capital.

A vital 'Indian enterprise' by definition will be more inclined to participate in inclusive value-chains that reach out to the weakest link – in many cases the Indian farmer, or the small entrepreneur – and enhance the competitiveness of the value-chains of which it is a part. These enterprises will build world-class Indian brands, thereby capturing complete value for every consumer spend *vis-a-vis* the royalties payable for the use of foreign brands. It is important that enterprises operating in India are evaluated for their 'Indianness' on the basis of the net value that they capture for the Indian economy over time and

are recognised and encouraged for such contribution. Such an approach will facilitate greater alignment of the business enterprises with national priorities.

There would, however, be no two opinions on the basic objective of planning. Planning must impart dynamism to the process of development. In different developing countries, diverse economic systems exist. Despite the apparent similarities between the different economies, they are at various stages of development. Furthermore, different regions and subregions in the same country are also not at the same levels, economically, socially, technologically and culturally. Dissimilarities are wide. The process of planning in one and the same country, therefore, tends to be very complex and, at times, beset with formidable problems obstructing the process of rapid, balanced and sustained economic development. It is, thus, becoming patently evident that planning to become a potent tool and an effective technique of economic development must descend from the Olympian altitudes of the national level to the low lands of the regions. Formulation of development plans can be all-inclusive and well-integrated only at the regional and the subregional level. Every region and subregion, due to its distinctive character, demands a special treatment. It is relatively easy and simple to accelerate production, stimulate consumption and motivate transformation of economic and social structure at the regional and subregional level, particularly in a vast and diverse country like India. Some of our states and regions are as big as nations. If the creation of conditions facilitating rapid growth of physical and human productive resources is the aim of planning, the peculiarities of the region and subregions have to be taken into account – perhaps more than the points of similarity. Rapid and balanced economic development presupposes cooriginated and deliberate activity in all sectors of the country.

The techniques of planning may have to be based on these laws of dynamics of economic development. Their ignorance or non-compliance is likely to retard and restrict the process and pace of economic development, which all the developing communities and countries cherish. Development is essentially a matter of social and economic management. In India the emphasis was and still is largely on the economic aspect rather than on the social. If the social motivation is taken care of, economic development will begin to take care of itself. Perhaps our planners need this advice. But will they heed?

## **Trends in Economic Development**

There are twelve major trends affecting the direction of economic development:

1. Technology as a resource.
2. Competition in domestic and international markets.
3. The role of invention.
4. Government as stimulator.
5. Entrepreneurial and Intrapreneurial development.
6. Innovative capital formation.
7. Active financial sector.
8. Innovative entrepreneurship.
9. Progressive management.



10. Quality as a goal.
11. Supremacy of the customer.
12. Collaborative relationships.

Technology is more than a thing, stratagem or even a process. It is a self-generating resources that is not consumed in the process of use. Consequently, it is an important form of economic wealth.

Competition is forcing a reassessment of our individual and collective responses to the marketplace. Fierce domestic and international competition for scientific, technological, and economic pre-eminence, forcing communities and regions to leverage all their resources human technological and financial – to compete effectively for vibrant and diversified economies.

The countries are experiencing an unprecedented burst of invention. Myriad technological advances are occurring with incredible speed and frequency. The ability to commercialise these inventions will have direct and immediate economic consequences.

The governments are trying to find positive non-interventionist approaches to encouraging entrepreneurship and technological diversification. They seek to create jobs, provide benefits to the small business sector, and forward technology. The creation of an environment that promotes entrepreneurial activity has become a more important focal point in the government's policy on development.

People with raw energy and a proclivity for risk-taking built and sustained the countries. They are continuing to build it today – in new ways and with new approaches. These entrepreneurs and intrapreneurs are breaking tradition and providing a dynamic source of creative and innovative enterprises.

Innovative capital formation is providing the catalyst for the entrepreneurial process. Mechanisms for providing seed capital and venture capital as well as an expanding venture capital industry are helping to build new ventures. If the entrepreneurial process is to succeed, it is essential to continue to support and expand the formation of capital and its innovative utilisation in new business development.

Finally, creative collaborative relationships being formed between business, government, and academic are forging opening new opportunities for commercialisation and thus accelerating the technology transfer process.

## **LACK OF ENTREPRENEURSHIP**

Lack of entrepreneurship inhibits the process of industrialisation in the newly developed countries. Although there is not such a thing as a zero level of entrepreneurship, it is well recognised that entrepreneurs can be developed through appropriately-designed Entrepreneurship Development Programmes (EDP). These programmes broadly consist of three distinct stages: firstly, that of developing achievement motivation, and sharpening entrepreneurial trait and behaviour; second, that of project planning and development; and at the third stage, guidance is provided on industrial opportunities, incentives and facilities, rules and regulations and the development of managerial and operational capabilities. With the growth of technical manpower, it is necessary to organise entrepreneurship development programmes

on a wider canvas to attract potential entrepreneurs to small business. While doing so, the characteristics of an entrepreneur have to be kept in the view.

Broadly, they are as follows:

- Development in any walk of life has always depended on individual qualities of entrepreneurship. A study of human history shows ample evidence of the role of individuals in the process of development.
- Industrial development in almost all countries has always started with individual enterprises.
- Even huge multinational and national corporations have mostly received their inspiration from one or a few individuals.
- In the case of small industries, the project is usually centred around a single individual.
- Small enterprises are mostly initiated, managed and developed by one or a few individuals.
- Qualities of entrepreneurship constitute one of the major resources in the promotion of an enterprise.
- An entrepreneur is someone who ventures out; prefers change as a means of growth; and is prepared to take calculated risks.
- While taking a risk, the entrepreneur is aware of the possibilities of success as well as the consequences of failure.
- He analyses the pros and cons carefully before making decisions.
- He is involved in the planning activities, both before and after the decision to start the enterprise.
- He is motivated by an urge to make a success of the project.
- He proceeds to accept the situation as a challenge.
- He equips himself with all the necessary tools.
- He is persistent and is full of perseverance for making a success of himself.
- Entrepreneurship is a product of interaction among a number of factors. Some of these factors are in the individual (psychological) and the rest are in the social, cultural and economic milieu.

In brief the ingredients for a successful entrepreneur are:

- He is confident in facing challenges and is eager to achieve.
- He identifies the product.
- He plans for a venture.
- He selects the technology commensurate with the means available and tuned to the social and economic environment.
- He is eager to improve quality.
- He is able to manage men and material.
- He finds markets.

- He is innovative.
- He is progressive.
- He always strives to climb up.
- He always imbibes new technology for improvement.
- He always strives for modernisation, diversification.
- He is well-informed.
- He strives to meet the changing needs of the customer or hold customer as king.

In India, a large number of institutions and organisations are engaged in the development of entrepreneurship, resulting in the speedy growth of industrial ventures.

The example of India is fascinating. During its First Five Year Plan, technical education was given importance. Industrial training institutes for low-level semi-skilled workers, polytechnics and prototype development and training centres for skilled workers and supervisors, engineering colleges for managers and institutes of technology for the higher managerial group were established all over the country. This resulted in India becoming the third largest technical power.

## **SUSTAINING MOMENTUM OF CHANGE**

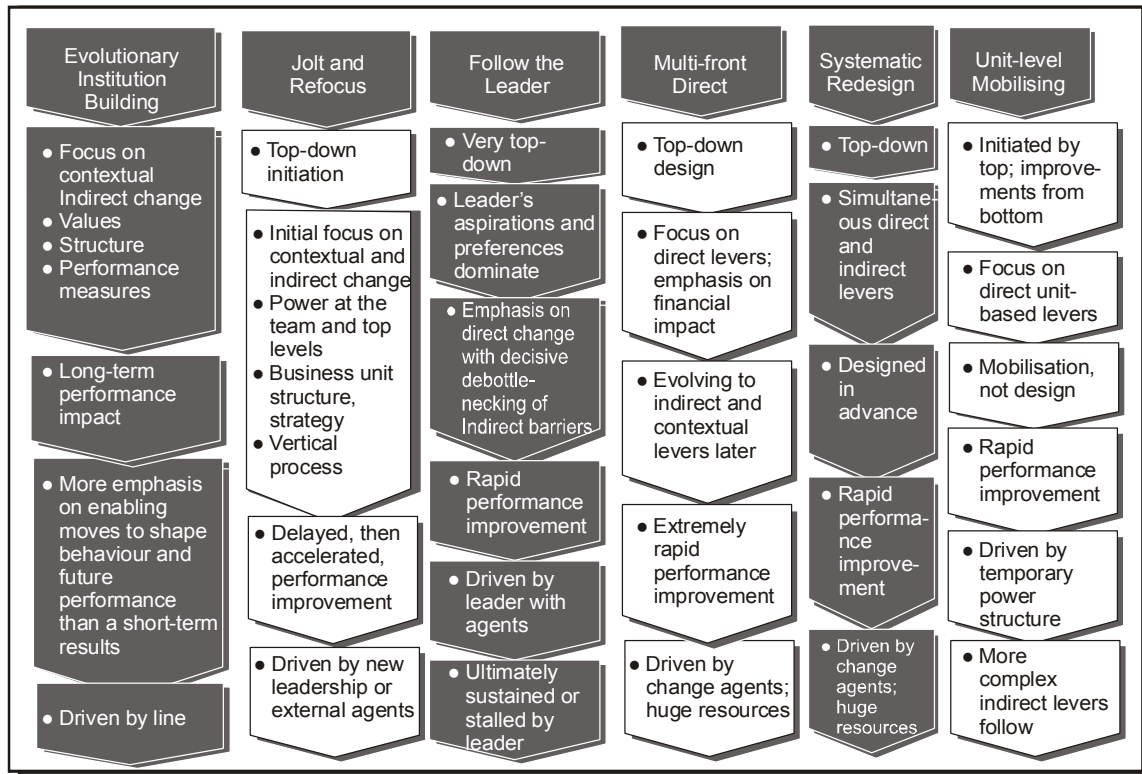
The dynamics of change have wider implications. It is a continuous process. And, changes inside and outside the enterprise/organisation can move the goal posts.

Transforming an enterprise is not a science: there are no formulae for success. The enterprises studied were not following some master plan; indeed, much of what the entrepreneur did was intuitive, almost an art form. Examining their experience yields valuable insights into creating a strategy that will realise the promise of transformation. By viewing an enterprise from the three perspectives – how performance needs to change and how fast; a leader's aspirations and preferences; and the sources of energy available to drive the change – we can gain insight into what strategy will work.

A successful strategy demands effective execution. Choose initiatives that link the sources of energy to the right performance levers. Grouping initiatives into four basic types – executive debottlenecking decisions, direction-setting or redesign task teams, mobilising and communicating and coaching – helps simplify the choice. Then, be sure to exploit the interdependent dynamics of the initiatives to keep the change moving ahead.

## **CONCLUSION**

Industrialisation is one of the important means to usher in economic and social transformation in the developing countries. More so when agriculture cannot sustain the burden of the population growth, it is the industry and service sectors which have to shoulder the responsibility to sustain as well as, accelerate the pace of growth. So, industrialisation is indispensable for survival and growth.



### Change Strategy : Characteristics

Industrialisation results from the interaction of technological change, innovation, entrepreneurial growth, specialisation and trade. Goods transportation and efficient communication system and an educated labour force help promote the rapid development of industries. Well-defined rules reduce the costs of transactions as specialisation increases and economies become more complex.

Large industrial units and business houses also play an important role in developing and sustaining new entrepreneurship. For, it should be noted that while the growth of entrepreneurship in India in the last 25-30 years have been remarkable, entrepreneurship is still a comparatively scarce factor in India, as indeed in all developing countries. In spite of our fairly good economic progress, India is one of the poorest countries in the world. On the other hand, our natural and human resources are such that we can be a fairly prosperous country. So, what we require is more entrepreneurship on the part of the government and the private sector.

*Entrepreneurship is a core sector which can be developed in a big way. What with so many technological and management institutes in India, it should not be difficult to develop thousands of entrepreneurs every year.* In this connection, economic policies of the government can leave an important impact on the growth of entrepreneurship. Sometimes, the government gives the impression that the private sector will only be tolerated. This impression should be removed and there must be a formal recognition of the fact that in a country like India, we require entrepreneurship at various levels and of

various sizes – Central Government, State Government, large, medium and small private sector units and also foreign entrepreneurship.

The entrepreneurship development movement in India had received significant attention; this is borne out by the fact that the small manufacturing enterprises have made phenomenal progress during the last three decades and today occupy an important position in the industrial economy of India.

To overcome the very many hurdles in enterprise success, the entrepreneur can only lift himself by adopting a project approach for development. In this context, project management forms a strategic tool of economic growth.

The strategic issue for organisations in the 21st century will be how to balance their activities: what to put in the core and what to put in the space around it. For example, an organisation has to be small enough to be human and flexible, but, at the same time, in some areas, it has to be big because you need a certain clout in the marketplace; you need research or global reach. That's why, anywhere we look today, we see organisations grappling with the need to decentralise and centralise at the same time.

Organisations achieve this by creating work groups where people are not only responsible for discharging a particular task, but where they also have a lot of space to decide how they think it should be done best. What you get is a series of cores throughout the organisation so that responsibility is spread across many decision points. But there's always some over-arching thing there – a core to the whole set of doughnuts – that coordinates activities and holds the whole thing together.

As soon as you put a computer on every desk, the average worker becomes far more powerful. He or she can know as much as the boss does and often much more. So these "knowledge workers" takes on greater responsibilities and they become, in a sense, liberated from traditional corporate authority. For years, corporate chairmen have been talking about their people as their primary assets. It's time they woke up to the fact that it's actually true because their only hope for future security lies in the brains of those people.