

CHAPTER-5

Introduction to ISO 9000 and T.Q.M

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5.0 INTRODUCTION

Quality control is the control of quality during manufacturing. Both quality control and inspection are used to assure quality. Inspection is a determining function which determines raw materials, supplies, parts or finished products etc. as acceptable or unacceptable. Quality control determines the causes for variations in the characteristics of products and gives solutions by which these variations can be controlled.

There are so many definitions for Quality.

"Most economical, most useful and always satisfactory to the customer"

– Kaoru Ishikawa

"Quality is defined as 'Fitness for use'"

– Joseph Moses Juran, (1904)

"Continuous improvement"

– William Edwards Deming (1900 - 1993)

"The totality of features and characteristics of a product or service, that bear on its ability to satisfy stated or implied needs"

– ISO 9000

- Quality is degree of excellence or measure of excellence in all respects.
- Quality is a relative term implying different attributes to different customers.
- Quality of a product is the measure of fulfillment of the promises made producer to the customers.
- Quality is characterized by measurable attributes such as dimensions surface finish.
- Quality is conformance to requirements.
- Quality is caused by prevention rather than detection of errors.

- Quality is performance standards of zero defects, meaning thereby, do it right, the first time.

5.1 CONCEPT OF QUALITY

Quality : Quality is the ability of the product to be able to satisfy end users. It is closely allied to cost and customer needs. Quality of any product is regarded as the degree to which it fulfils the requirements of the customer. Quality means degree of perfection.

Factors Affecting Quality : The factors which affect the product quality are as follows :

1. Men, material, machines and manufacturing conditions.
2. Market research.
3. Money.
4. Management policies
5. Production methods and product design.
6. Poor Packing.
7. Inappropriate Transportation.
8. Poor after sales service.

5.2 QUALITY SYSTEMS AND ELEMENTS OF QUALITY SYSTEMS

A quality system is a mechanism that coordinates and maintains the activities needed to ensure that the characteristics of products, processes or services are within certain bounds. A quality system involves every part of an organization that directly or indirectly affects these activities. Typically, the quality system is documented in a quality manual and in the associated documents that specify procedures and standards.



FIG 5.1 : Quality System

Basic Elements in a Quality System :

There are three basic elements in a quality system: Quality Management, Quality Control, and Quality Assurance.

1. **Quality Management :** Quality management is the means of implementing and carrying out quality policy. They perform goal planning and manage quality control and quality assurance activities. Quality management is responsible for seeing that all quality goals and objectives are implemented and that corrective actions have been achieved. They periodically review the quality system to ensure effectiveness and to identify and review any deficiencies.
2. **Quality Control :** The term quality control describes a variety of activities. It encompasses all techniques and activities of an organization that continuously monitor and improve the conformance of products, processes or services to

specifications. Quality control may also include the review of processes and specifications and make recommendations for their improvement. Quality control aims to eliminate causes of unsatisfactory performance by identifying and helping to eliminate or at least narrow the sources of variation. Quality control has the same meaning as variation control of product characteristics.

The objective of a quality control program is to define a system in which products meet design requirements and checks and feedback for corrective actions and process improvements. Quality control activities should also include the selecting and rating of suppliers to ensure that purchased products meet quality requirements.

3. **Quality Assurance:** The term quality assurance describes all the planned and systematic actions necessary to assure that a product or service will satisfy the specified requirements. Usually this takes the form of an independent final inspection. The distinction between quality control and quality assurance is stated in an ANSI/ASQ standard: "Quality control has to do with making quality what it should be, and quality assurance has to do with making sure quality is what it should be." The quality assurance function should represent the customer and be independent of the quality control function, which is an integral part of the manufacturing operation.

5.3 PRINCIPLES OF QUALITY ASSURANCE

Quality assurance is a system of activities whose purpose is to provide assurance to customers by the company and to show evidence that overall quality control is in fact effective.

Quality assurance adopts all types of statistical methods and theory of acceptance sampling.

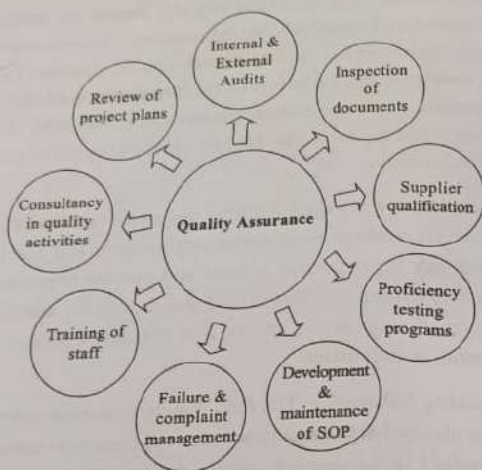


FIG 5.2 : Quality Assurance

There are both internal and external purposes of Quality Assurance.

- (i) **Internal Quality Assurance** : Within an organization quality assurance provides confidence to management.
- (ii) **External Quality Assurance** : In contractual situation quality assurance provides confidence to the customers.

Principles of Quality Assurance are : The main principles of quality assurance are :

1. The top management along with all employees must quality conscious.
2. Adopt quality first as policy.
3. Adopt consumer oriented policy.
4. Responsibility of the quality lies with the producer.

5. Follow product oriented quality assurance.
6. Quality must be assured in product as well as in service.
7. Implement the quality standards whole heartedly, faithfully as everybody is committed to achieve quality.

5.4 EVOLUTION OF ISO STANDARDS

ISO 9000 has its roots in the BS 5750, a standard developed by the British Standards Institution. It was published in 1979 and is considered to be the first management systems quality standard. The BS 5750 replaced specific industry standards and provided a series of standards for all industries in the United Kingdom.

The ISO published the first version of the ISO 9000 based on the BS 5750. The two documents shared a similar structure, with three models for QMSes. This first iteration of ISO 9000 was thought of as the international version of the BS 5750.

The ISO 9000 has been through five editions, including its initial release. The timeline of new edition releases is as follows :

- **1987** : The initial release had three QMS standards:
 - 9001 focused on design.
 - 9002 focused on QA in production and
 - 9003 focused on QA during final inspection.
- **1994** : This edition emphasized QA preventive action and QA post production. It required a lot of documentation.
- **2000** : This edition reduced the amount of documentation needed, replaced all three former standards and focused on process management and process performance metrics.
- **2008** : There were no major changes in this edition but rather clarifications to improve consistency with other ISO standards.

- **2015** : This is the current version. The structure was modified to make it easier to integrate ISO 9000 with other international standards. It also focuses on customer satisfaction, measuring performance and being less prescriptive.

5.5**ISO STANDARDS AND ISO 9000 SERIES OF QUALITY SYSTEMS**

The ISO 9000 series standards provide the requirements to which organizations desirous of certification must conform. One very important aspect of the standards is that they were very generic in nature and ingenuity is required while interpreting the standards' applicability of the industry or firm in questions :

The following five standards in the ISO 9000 series are :

1. **ISO 9000** : Quality management and quality assurance standards - guidelines for selection and use.
2. **ISO 9001** : Quality systems - Model for quality assurance in design, production, installation and servicing. This is the most comprehensive standard with 20 clauses.
3. **ISO 9002** : Quality systems - Model for quality assurance in production and installation. This standard has 18 clauses.
4. **ISO 9003** : Quality systems - Model for quality assurance in final inspection and test. Requires conformity with 12 clauses.
5. **Quality management and quality system elements - Guidelines.**

Related ISO Standard :

1. **10011-1** : Guidelines for auditing quality systems part-1-Auditing.

2. **10011-2** : Guidelines for auditing quality systems. Part-2-Qualification criteria for auditors.
3. **1011-3** : Guidelines for auditing quality systems. Part-3-Managing audit programmes.
4. **10012-1** : Quality assurance requirements for measuring equipment.
Part-1-Management of measuring equipment.
5. **9000-3**: Guidelines for application of ISO 9001 for the development, supply and maintenance of software.
6. **9004-2** : Quality management and quality system elements. Part-2-Guidelines for services.

There exists a relationship between the 9001, 9002 and 9003 standards for the 12 and 18 clauses of 9003 and 9002 respectively. These are a subset of the 20 clauses in the 9001 standard. At present, a decision as to which standard applies is up to the unit seeking registration.

6 STATE THE CONSTITUENTS OF ISO 9000 SERIES OF STANDARDS FOR QUALITY SYSTEMS

ISO 9001 states the requirements for your Quality Management System (QMS). There are 10 sections (clauses) in ISO 9001, with additional subclauses related to the Plan-Do-Check-Act system. However, only sections 4-10 contain requirements that are auditable. To successfully implement ISO 9001:2015 within your organization, you must satisfy the requirements within clauses 4-10 along with meeting customer and applicable statutory and regulatory requirements.



Summary of each section of ISO 9001:2015 Requirements

1. Section 0 : Introduction

This section introduces the purpose, principles and key concepts of the standard, including risk-based thinking and the process approach.

2. Section 1 : Scope

This section defines the scope of the 9001:2015 standard. In summary, the scope includes specifying requirements for QMS of any organization.

3. Section 2 : Normative References

The supporting standard referenced in ISO 9001:2015 and indispensable for its application is ISO 9000:2015 which covers terminology and fundamentals. This and other supporting standards make up the 9000 series.

4. Section 3 : Terms and Definitions

Terminology used throughout this standard comes directly from ISO 9000:2015, *Quality management systems Fundamentals and vocabulary*.

5. Section 4 : Context of the Organization

When you are implementing your Quality Management System (QMS), the first step for ISO 9001 requirements is to thoughtfully align your business objectives and intent with the QMS. Determine external and internal issues, the needs and expectations of interested parties, quality management system scope and its processes.

6. Section 5 : Leadership

Section 5 of the ISO 9001:2015 requirements covers leadership responsibility. Top management must demonstrate leadership and commitment, establish and communicate a quality policy, and ensure responsibilities and authorities are assigned, communicated and understood.

7. Section 6: Planning

Clause 6 of the ISO 9001:2015 requirements covers Organizational Quality Management System planning to address organizational risks, opportunities, changes and quality objectives.

8. Section 7: Support

Clause 7 of the ISO 9001:2015 requirements covers the resources needed for the QMS. This covers: providing resources, ensuring employees are competent and aware, and including documented information to support your quality management system.

9. Section 8: Operation

Clause 8 covers the plan and control processes needed to meet the requirements for products and services (design and development, external providers, production and service provision, release of products and services, non conforming outputs).

10. Section 9 : Performance Evaluation

ISO 9001 requires your organization's QMS to monitor, measure, analyze, and evaluate your quality management system.

11. Section 10 : Improvement

ISO 9001:2015 requirements for clause 10 are based around continual improvement. Select opportunities for improvement, take action against nonconformities, implement corrective actions as necessary, and continually improve your quality management system.

5.7 BENEFITS AND DRAWBACKS OF ISO 9000 SERIES OF STANDARDS

Benefits of ISO 9000 Certification : There are manifold benefits, direct as well as indirect, resulting from ISO 9000 Quality System Standards. Some of them are given below:

1. It provides a competitive edge in the domestic and global markets.
2. It provides a climate for consistent improvement in quality.
3. ISO 9000 reduces wastes and repairs - enhancing profits in turn.
4. It maintains streamlined records.
5. It maintains streamlined material handling and storage.
6. It changes the attitude of work force, the result is - improved house keeping, work atmosphere and quality awareness.
7. Process of quality improvement is maintained.
8. Products right in the first instance, no rework and nothing for recertification.
9. ISO 9000 gives international recognition of ability, credibility and expertise, thereby increasing the number of customers.
10. Supplier without ISO certification can face higher insurance rates, or be denied insurance in some markets.

Drawbacks of ISO 9000 Series of Standard :

1. Implementation of this system is very demanding of resources.
2. Assessment and registration are expensive.
3. Work-Culture need to be changed or improved.
4. Upgrading of manufacturing and test facilities is essential.
5. Unless carefully planned, the system can become non cost effective.
6. Dedication, will to improve and constant improvement are must for success.

5.8 BENEFICIARIES OF ISO 9000

ISO 9000 is defined as a set of international standards on quality management and quality assurance developed to help companies effectively document the quality system elements needed to maintain an efficient quality system. They are not specific to any one industry and can be applied to organizations of any size.

ISO 9000 benefits businesses, their employees, and customers. Let us look at the advantages :

- A business becomes well-equipped to address feedback efficiently and quickly. Resultantly, customer satisfaction increases.
- ISO certification serves as a badge of reliability and improves brand image. It helps in gaining customer trust.
- The series of standards encourages preventive thinking, which enables businesses to address issues before they arise and impact customers.
- It minimizes the errors in recurring processes.

- The standards help businesses save time through the efficient management of resources.
- The cumulative effects of implementing these standards can result in increased market share and profit potential.
- The set standards reduce manual work through process automation and process integration.
- Job security increases as these standards improve business performance.
- Employees have a clear idea regarding their roles and responsibilities. This improves job satisfaction.
- Employees feel more responsible for their jobs owing to accountability and process ownership. As a result, process quality improves.

5.9 UNDERSTAND 5-S PRINCIPLES AND ZERO DEFECT

5.9.1 5-S PRINCIPLES

5S is one of the first tools that can be applied in a company that is starting down the path of a continuous improvement culture. A 5S implementation helps to define the first rules to eliminate waste and maintain an efficient, safe, and clean work environment. It was first popularized by Taiichi Ohno, who designed the Toyota Production System, and Shigeo Shingo, who also put forward the concept of poka-yoke.

The 5S methodology is easy for everyone to start using. It doesn't require any technical analysis and can be implemented globally in all types of companies, ranging from manufacturing plants to offices, small businesses to large multinational organizations and in both private and public sectors. Its simplicity, practical applicability, and visual nature make it an engaging aid for operators, directors, and customers alike.

The 5S Methodology The 5S methodology is divided into 5 steps essential for achieving its goals. We will discuss each step in detail.

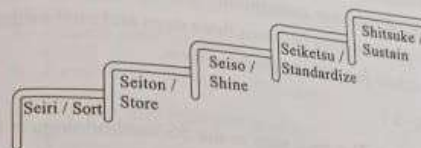


FIG 5.3 : 5 Steps towards Operational and Process Excellence

Step-1 :

Sort : The first step in the 5S methodology is to sort. This step involves identifying the necessary items in your workspace and eliminating any excess or unnecessary items. This helps to reduce clutter, minimize distractions, and streamline the workspace.

Step-2 :

Set in Order : The second step is to set it in order. This step involves organizing the necessary items logically and systematically. This includes assigning a specific location for each item and labeling them for easy identification. This helps to reduce search time and eliminate the need for excess inventory.

Step-3 :

Shine : The third step in the 5S methodology is to shine. This step involves cleaning and maintaining the workspace. This includes regular cleaning, inspection, and maintenance to ensure everything is in working order and defects-free.

should be emphasized or rather than quick changes. Hence, every employee and staff member of an organisation should emphasise upon continuous improvements in quality.

Hence, conjoining all, TQM provides an entire systematic view of quality management. It is a management system that emphasize upon the continuous improvements in qualitative aspects of products and services by involving all employees and workforce. It is most suitable for customer-centric organizations.

5.10.1 Features of Total Quality Management

1. **Customer Satisfaction** : In order to sustain competitive market competition and a higher rank position, a firm has to attain customer satisfaction.
2. **Leadership** : TQM entails leadership qualities that a top-level executive must possess.
3. **Integrated Activities** : Total Quality Management consists of integrated activities that clearly define the target quality standards.
4. **Corporate Culture** : TQM establishes corporate culture within which every employee and staff member contributes towards quality improvement.
5. **Strengthen Employee Commitment** : TQM enables companies to significantly focus on employee involvement, teamwork and training.
6. **Totality** : TQM reflects totality, as it integrates and directs every member of the organisation towards the same direction, i.e., quality improvement.
7. **Documentation** : Documentation is the integrated machine-people data that enables TQM within an organisation.
8. **Improvements** : TQM focuses upon the improvements in quality activities of a firm that significantly achieves set quality standards and customer satisfaction.

5.10.2 Principles of Total Quality

There are 8 principles of total quality management, which have been described in details in ISO 9000:2005 (Quality management systems fundamentals and vocabulary), and in ISO 9004:2000 (Quality management systems guidelines for performance improvements), they are as following :

1. **Customer Focus** : All the business organizations, for their business prospects, rely on their customers, and as such their focus should be primarily on customers' present and future requirements/expectations.
2. **Leadership** : The leaders of a business organisation play a significant role in determining the unity of purpose and deciding the future direction of the organisation.
3. **Involvement of People/Employee Involvement** : The most treasured asset an organisation may have, is nothing but its human resources. They need to be taken into confidence by the management by ensuring their full involvement in the organizational affairs.
4. **Process Approach** : Various activities and resources associated therewith can be best managed as a process, may lead to the desired outcomes.
5. **System Approach to Management** : System approach to management provides identification, comprehension and management of processes, which are closely related with each other.
6. **Continual Improvement** : The eternal objective of an organization needs to be its sustained growth and uninterrupted advancement (continual improvement) in its overall performance.
7. **Factual Approach to Decision-Making** : The decisions taken on the strength of reliable data and their in-depth analysis are considered to be the most fruitful and effective one.

Step-4 :

Standardize : The fourth step in the 5S methodology is to standardize. This step involves creating a set of guidelines and procedures for maintaining the workspace. This includes documenting the previous three steps and establishing a regular schedule for their implementation.

Step-5 :

Sustain : The final step in the 5S methodology is to sustain. This step involves creating a culture of continuous improvement, where the previous four steps are consistently followed, and the workspace is continually optimized.

5.9.2 Zero Defects

Zero defects is a mindset that emphasizes the importance of getting things right the first time. It aims to eliminate defects, improve product or service quality, and reduce costs associated with waste.

From a literal standpoint, it's pretty obvious that attaining zero defects is technically not possible in any sizable or complex manufacturing project. According to the Six Sigma standard, the definition of zero defects is defined as 3.4 defects per million opportunities (DPMO), allowing for a 1.5-sigma process shift. The zero defects concept should pragmatically be viewed as a quest for perfection in order to improve quality in the development or manufacturing process. True perfection might not be achievable but at least the quest will push quality and improvements to a point that is acceptable under even the most stringent metrics.

How to Adopt a Zero Defects Approach : A zero defects approach is a quality management philosophy that aims to eliminate errors and defects in all production or service delivery

Below are some steps that can help you adopt a zero defects approach :

1. Create a culture of quality.
2. Establish clear quality standards.
3. Identify potential defects.
4. Develop preventative measures.
5. Monitor and measure quality.
6. Encourage continuous improvement.

5.10 TQM CONCEPT AND ELEMENTS

Total Quality Management (TQM) is a management ideology that focuses upon quality management and is derived from other management theories such as quality circles, strategic planning, etc. Total quality management consists of three words, which are explained below :

1. **Total :** The word 'total' in TQM signifies that it is the responsibility of each and every individual of the organisation to continuously regulate and maintain the quality of products and services. It is an all-inclusive mode of handling quality related issues by involving every employee and staff member of the organisation.
2. **Quality :** Quality is the degree of customer satisfaction. Organizations identify the demands of their customers by accurately analyzing their needs. This is essential for ascertaining the quality of products required by the customers. Hence, the term 'total quality' signifies the involvement of every employee and staff member towards the accomplishment of set quality standards.
3. **Management :** The term 'management under TQM', explains that in order to achieve total quality, continuous improvements

8. **Mutually Beneficial Supplier Relationships** : An organisation's relationship with its suppliers, though purely business in nature, needs to be based on mutual trust and should be beneficial for both parties.

5.10.3 Elements of TQM

The key elements of total quality management are as follows :

1. **Organizational Ethics** : TQM involves organizational ethics which establish a business code of conduct. This code of conduct acts as the guidelines towards achieving the set quality standards by using ethical practices. These ethical codes also help employee to differentiate between right and wrong actions.
2. **Integrity** : Integrity refers to the honesty, values, morals, fairness and adherence to sincerity and facts. TQM works under an integrative environment where customers are given what they want to receive.
3. **Training** : Training is another element of TQM, which is an important aspect of high productivity. It is the responsibility of managers to implement TQM within their management levels and provide proper training's to employees and subordinates. Such training's entail TQM ideologies of quality improvement and are usually provided while implementing TQM in the organisation.
4. **Teamwork** : Teamwork is essential for the successful implementation of TQM within an organisation. As employees within a team feel more comfortable in giving their ideas and suggestions, teams facilitate in providing quicker and better business solutions to problems and also improve existing managerial activities.

5. **Communication** : Communication is the element that binds all other elements of TQM. It also connects the elements of TQM with the organisation. There should be successful communication between organisation and all its employees, customers and suppliers, for a successful implementation of TQM. Managers are responsible for continuously sending/receiving information about TQM and for maintaining effective communication with their subordinates.
6. **Recognition** : Recognition is the final element in TQM, which should be provided to individuals and teams for solutions and achievements. Managers should accurately identify the contributions of every employee towards quality improvement in order to give employees their due recognition's. With recognition's, employees gain confidence, which fosters increased work efforts, productivity and quality.

5.10.4 Importance of Total Quality Management

Importance of total quality management is as follows :

1. Better employee relations.
2. Improved operational performance.
3. Greater customer satisfaction.
4. Increased financial performance.
5. Creates a good corporate culture.
6. Increases efficiency.
7. Organizational development.
8. Flexibility.
9. Promotes supplier satisfaction.

6.0 INTRODUCTION

The meaning of the word Legislation in French is Passing of Laws. Industrial legislation means passing industry oriented laws. For whom these laws are to be passed means, mainly for the sake of benefit of the workers working with in the industry.

As there has always been a struggle and conflict between the employer and employees on the matters of wages, allowances and other working conditions like improper layout, insufficient ventilation, unsafe material and equipment and defective environments which create accidents. These accidents effects the worker, creates certain direct and indirect costs for the management.

Conflicts between employer and employees results in strikes and lockouts. For the purpose of minimizing disputes, labour laws and regulations have been enacted by the Government for controlling and regulating the conditions of the employees and establishing in respect of factories of inspect and ensure that these laws are being followed by the management.

6.1 EMPLOYER AND EMPLOYEE RELATIONS

Employer : Management (or) firm (or) person which gives an opportunity to work with them. In other words he is like a owner.

Employee : A person who is working under the control of employer (or) organisation (or) owner.

The relation between employer and employee should be pleasant for ever, it is the main problem of modern industries to maintain very healthy, cordial and friendly relations with the employees. If the relation between employer and employee is not good (or) healthy. It leads to decrease of production level, decrease of quality etc., that is why Govt. has also taken

much interest nothing in increasing productivity, but also to have good relations between employer and employees. Unhealthy situations between employer and employee can be eliminated by

1. Treating all the workers are equal.
2. Giving good salaries, bonus, incentives over time to time etc.
3. Asking them to express their views in decision making.
4. Distributing work among employees based on their skill and efforts.
5. Providing welfare activities such as housing, clothing, transportation, hospital facilities etc.

6.2 OBJECTIVES, FUNCTIONS, ADVANTAGES AND DISADVANTAGES OF TRADE UNIONS**6.2.1 Trade Unions in India**

1. **All India Trade Union Congress (AITUC) :** It is the first most union in India, and largest trade union. It was established in 1920, upto 1945 it was alone. In 1945 the trend has been changed that, trade unions made relation with political parties. In this movement INTUC was affiliated to CPI (Communist Party of India). It was founder, member of world federation of trade unions.

2. **Indian National Trade Union Congress :** During Quit India Movement ATUC, is splitted into some sub unions, INTUC is one of these sub unions. It was established in 1947 and is under control of Indian National Congress.

3. **United Trade Union Congress (UTUC) :** It was established in 1949. It is affiliated to Revolutionary parties like revolutionary socialist party. Forward block etc.

CHAPTER-6

Industrial Legislation and Safety and Entrepreneurial Development

CHAPTER OUTLINE

- 6.1 EMPLOYER AND EMPLOYEE RELATIONS
- 6.2 OBJECTIVES, FUNCTIONS, ADVANTAGES AND DISADVANTAGES OF TRADE UNIONS
- 6.3 CAUSES AND SETTLEMENTS OF INDUSTRIAL DISPUTES
- 6.4 WELFARE ACTIVITIES
- 6.5 RIGHTS AND RESPONSIBILITIES OF EMPLOYEES AND EMPLOYERS
- 6.6 INDIAN FACTORIES ACT
- 6.7 SAFETY AT WORK PLACE
- 6.8 PROVISIONS RELATED TO SAFETY
- 6.9 HAZARD AND ACCIDENT
- 6.10 CAUSES AND ACCIDENT
- 6.11 WORD ENTREPRENEUR
- 6.12 DIFFERENCE BETWEEN ENTREPRENEURSHIP AND MANAGEMENT
- 6.13 EXPECTATIONS, ROLE AND QUALITIES OF AN ENTREPRENEUR
- 6.14 ROLE OF ENTREPRENEURS IN PROMOTING SMALL SCALE INDUSTRIES
- 6.15 SELF-EMPLOYMENT SCHEMES
- 6.16 PRODUCT SELECTION
- 6.17 SITE SELECTION
- 6.18 FINANCIAL ASSISTANCE PROGRAMS for industries
- 6.19 ORGANIZATIONS THAT HELP AN ENTREPRENEUR
- 6.20 START-UPS
- 6.21 DIFFERENT START-UP SCHEMES
- 6.22 FEATURES AND ELIGIBILITY FOR STARTUP REGISTRATION

4. **Centre of Indian Trade Union Congress (CITU)** : It is a National central trade union federation of India. It is also affiliated to CPI (M). Its wings are extended to many sectors like telecom, postal, Railway, banking etc.

5. **HIND Mazdoor Sangh (HMS)** : This was established in 1948, renowned nationalist Sri Basawon Singh. This is affiliated to Praja socialist party. It is also controlled by International Trade Union Confederation (ITUC).

6. **Bharatiya Mazdoor Sangh (BMS)** : This is purely labour (or) worker union. This is also big union in India. This was established by Dattopantji Thengdi on July 23 1955, this day is also celebrated as birthday of Lokmanya Bal Gangadhar Tilak. This is affiliated to BJP.

6.2.2 Objective of Trade Unions

The important objectives of the trade unions are :

1. To improve working conditions of the workers.
2. To promote industrial peace.
3. To secure employment.
4. To secure better wages for these workers.
5. To help the workers to get their legitimate rights and duties.
6. To improve employee - employer relation.
7. To take measure to welfare the worker.
8. To improve collective bargaining of the workers.
9. To enhance the self respect and dignity.
10. To provide legal assistance to worker.
11. To protect the job of the workers against the lay off retrenchment etc.

12. To undertake schemes of labour welfare.
13. To promote national integration.
14. To influence the socio-economic policies of community.

6.2.3 Functions of Trade Union

The functions of trade union can be four types :

1. **Internal Functions** : These are confined with the industry for welfare of the union members. These functions are :

- (a) Fair salaries.
- (b) Better working environment.
- (c) Social safety, and security.
- (d) Bonus, incentive benefits.
- (e) Providing labour welfare activities.
- (f) Benefits after retirement.
- (g) Avoiding inequalities between different sections of community.

(h) Raising standard of living of its members

2. **External Functions** : These are requirements of worker just outside of the industry. Such as

- (a) Provision of house.
- (b) Fair rates for shopping.
- (c) Library.
- (d) Hospital, schools etc.

3. **Social Functions** : The functions which are directed towards helping in times of needs and improving their efficiency and productivity are known as **'Social Functions'**. These includes

- (a) Educating workers and render legal assistance.
 - (b) Raising the funds of the union by subscription of labour.
 - (c) Undertaking welfare measures.
 - (d) When the members are suffering from sick, unemployment, strikes etc, union has to provide support.
 - (e) Establishing strong pleasant relation among workers etc.
- 4. Political Functions :** The trade union should be in a position to fight with Govt. to meet their requirements, to solve their problems, for this the trade union should participate in the political parties. And they fight for rights through sending their representatives to the parliament, legislature and thus influence the national policy making.

6.2.4 Advantages and Disadvantages of Trade Union

Advantages of Trade Unions : There is a advantage for workers, employer and society.

Advantages to Worker :

1. Trade unions promote the worker from the exploitations made by employer towards worker.
2. Raises the bargaining power.
3. Relation between employee and employer is cool.
4. Increases the self confidence of the worker.
5. They help in providing labour welfare measures.

Advantages of Employer :

1. Disputes may be decreased.
2. Social resources can be protected.
3. Helpful in framing labour policies.

Advantages to Society :

1. They can put their view point before the public.
2. They propose to Govt. to enact their policies.
3. They create industrial nations which results higher and better protection at lower cost.

Disadvantages of Trade Union : The presence of trade unions leads to some drawbacks.

1. Organised unions generally don't allow new production methods.
2. Leaders of trade unions maintain political links, then the decision of the trade union issues will be in such a way that the benefit the political parties.
3. Sometime trade unions create artificial shortage of labour.
4. The attitude is mostly anti-employer and some time organise strikes on very simple reasons disturbing the work.

6.3 CAUSES AND SETTLEMENTS OF INDUSTRIAL DISPUTES

Definition of Industrial Disputes :

- An industrial dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment.
- It is a disagreement between an employer and employees representative; usually a trade union, and other working conditions and can result in industrial actions.
- Disagreement or controversy between management and labour with respect to wages, working conditions, other employment matters or union recognition.

- As per Section-2(k) of Industrial Disputes Act, 1947, an industrial dispute is defined as any dispute or difference between employers and employees, or between employers and workmen, or between workmen and which is connected with the employment or non-employment or the terms of employment or with the conditions of labor.

6.3.1 Causes of Industrial Disputes

The main causes of industrial disputes are :

1. Unpleasant working condition and too much working hours.
2. Low wages, payment without DA, Bonus, Overtime etc.
3. Difficulty in mutual understanding.
4. Harassment of workers by employers.
5. Dismissal (or) non-employment of any reason.
6. Non-recognition of the trade union.
7. Demand for other benefits such as housing, medical, education facilities.
8. The desire, workers for share in management profits.

6.3.2 Settlement of Industrial Disputes

Industrial disputes should be resolved as soon as it is raised. Because disputes pressurize employees, employers. The settlement of disputes can be done with involvement of State Govt. and other political parties.

The different methods of settling disputes are :

1. Without State Involvement :

- Collective bargaining.
- Voluntary arbitration.

2. With State Involvement :

- Compulsory collective bargaining.
- Bipartite committee.
- Compulsory arbitration.
- Compulsory cancellation and mediation.
- Compulsory investigation.

WELFARE ACTIVITIES

6.4

Employee Welfare

6.4.1

- Employer should always look after the welfare of the employee, keeping best conditions of the employment by the employer is inevitable.
- The objective of introducing labour welfare schemes is to secure an improved standard of living for workers, which results in increasing their production efficiency and industrial relations.
- Workers can do their best if their physical and mental needs are well provided and properly planned welfare measures will result increase of efficiency of workers.

Labor Welfare has the Following Objectives :

- (i) To provide better life and health to the workers
- (ii) To make the workers happy and satisfied
- (iii) To relieve workers from industrial fatigue and to improve intellectual, cultural and material conditions of living of the workers.

6.4.2 General Welfare Activities

1. Welfare Staff visits to the houses of seriously ailing employees and make arrangements for their admission to hospitals, wherever necessary.

2. Conducting of condolence meetings and condolence visits to the houses of deceased Government employees.
3. Assistance to the families of deceased Government servants in matters of employment in Government service of dependent of the deceased Government employees, retention and allotment of Government accommodation, completion of family pension and other papers.
4. Assistance to staff in respect of disputes in families of Government servants with their neighbours in Delhi/New Delhi and in the matters of land, property etc., at their native place.
5. Arrangement and coordination in organizing farewell parties to retiring officers and staff members.
6. Organisation of social activities by way of establishment of clubs and recreational centres, for members of the staff including class IV employees.
7. Provision of facilities for indoor and outdoor sports for members of the staff, setting up of recreation club.
8. Improvement in the actual working conditions of the staff including improvement of hygienic conditions at the working premises.
9. Assistance in relation to transport, housing, school, sanitary amenities - in residential and office areas.
10. Provision for common room in the office building for the women employees.
11. Induction of new members of the staff and advising them in their initial difficulties.
12. Coordination regarding ceremonies, official functions.

RIGHTS AND RESPONSIBILITIES OF EMPLOYEES AND EMPLOYERS

6.5.1 Rights and Responsibilities of Employers

1. Rights :

- (a) Right to lockout in case of disputes between employer and employee.
- (b) Right to take disciplinary action on workers after framing charges and giving proper notices to the workers.
- (c) Right to retrench the worker in case of unavoidable circumstances after given proper notice.
- (d) Right to get proper work from the employees for the remuneration paid.

2. Responsibilities :

- (a) To look after the welfare of the worker and his family during the course of employment.
- (b) To give proper remuneration to the worker for his workdone.
- (c) To implement all labour laws and provide welfare activities.
- (d) To educate the workers and take necessary measures for prevention of accidents.

6.5.2 Rights and Responsibilities of Employees

1. Rights :

- (a) Right to avail different type of leaves.
- (b) Right to collective for fulfillment of their demands.
- (c) Right to strike for fulfillment of their demands after giving proper notice to the management.

- (d) Right of form trade unions.
- (e) Right to claim proper remuneration for his work.
- (f) Right to claim medical, sickness, maternity and other benefits.
- (g) Right to claim financial and non-financial benefits like bonus, P.F, Promotion, Gratuity, increments etc.
- (h) Right to claim compensation in case of accidents.

2. Responsibilities :

- (a) Completion of assigned task and fulfillment of target assigned to him.
- (b) Maintaining peace and harmony among workers.
- (c) Maintaining proper periodical maintenance of machinery and equipment under his control.
- (d) Maintaining cooperation with his co-workers and management.
- (e) Observing safety rules for avoiding accidents.
- (f) Maintaining time schedules.
- (g) Co-operating with the work study engineers in developing proper economical and improved methods.
- (h) Giving proper and prior notice to the management in case of his resignation.

6.6

INDIAN FACTORIES ACT

The important features of the 1984 Act are as follows :

1. The word "factory" has been expanded by the factories (Amendment) Act of 1976 to include contract labour when determining whether a factory has a maximum of 10 or 20 employees.

2. The Act increased the minimum age for children to work in workplaces from 12 to 14 and reduced their daily working hours from 5 to 4 and a half.
3. The Act forbids women and children from working in factories from 7 p.m to 6 a.m.
4. The difference between a seasonal and non-seasonal factory has been abolished by the Act.
5. The Act, which has provisions for factory registration and licencing.
6. The state government is required to make sure that all factories are registered and also have valid licences that are renewed from time to time.
7. The Act gives state governments the authority to enact rules and regulations to ask for management and employee association for the benefit of employees.
8. The state Government has the authority to apply the Act's requirements to any establishment, regardless of the number of employees inside and regardless of whether the establishment engages in manufacturing operations.
9. In *Rabindra Agarwal v. State of Jharkhand* (2010), the Jharkhand High Court held that the factories Act, special legislation would prevail over the Indian Penal Code.

6.6.1 Objective of Factories Act, 1948

The main objectives of the Indian Factories Act, 1948 are to regulate the working conditions in factories, to regulate health, safety welfare, and annual leave and enact special provision in respect of young persons, women and children who work in the factories.

1. **Working Hours :** According to the provision of working hours of adults, no adult worker shall be required or allowed to work in a factory for more than 48 hours in a week. There should be a weekly holiday.

2. **Health :** For protecting the health of workers, the Act lays down that every factory shall be kept clean and all necessary precautions shall be taken in this regard. The factories should have proper drainage system, adequate lighting, ventilation, temperature, etc.

3. **Safety :** In order to provide safety to the workers, the Act provides that the machinery should be fenced, no young person shall work at any dangerous machine, in coned spaces, there should be provision for man holes of adequate size so that in case of emergency the workers can escape.

4. **Welfare :** For the welfare of the workers, the Act provides that in every factory adequate and suitable facilities for washing should be provided and maintained for the use of workers.

5. **Penalties :** The provisions of the Factories Act, 1948 or any rules made under the Act, or any order given in writing under the Act is violated, it is treated as an offence.

6.7 SAFETY AT WORK PLACE

Concept of Safety : Safety is opposite to accidents. If accidents are harmful, safety is beneficial. Man's greatest desire is security. He wants longer life. Accidents are one of the major causes of deaths. So accidents should be minimised. Safety is beneficial in all respects. Safety has become an essential feature of all walks of life.

The maintenance of safety has become a major programme in the industries. Specially trained persons known as safety engineers are appointed in the industries. The government has

also framed rules and regulations towards safety. The Factories Act has special provisions on safety. Violation of these provisions is punishment.

6.7.1 Importance of Safety at Work Place

Safety is Important for Moral Reasons : Morally speaking, no one want to get hurt, and no one is happy that someone else gets hurt.

Moral Reasons :

- Safety help prevent injury/dead to individuals.
- Helps prevent damage to property and equipment.
- Ensure a happy and healthy workforce.

2. **Safety is Important for Economic Reasons :** When you are involved in accident, you spend money. Thus may be detrimental to your business.

Economic Reasons :

- Reduces lost time.
- Increased financial benefits.
- Safe money from payment of compensations, hospital bills, death right, etc.
- Improve productivity.
- Reduce absenteeism.
- Enhances company image & reputation

3. **Safety is Important for Legal Reasons :** Since safety is a law, non-compliance will attract punishment in terms of fines, imprisonment or your business may be shut-down by regulatory bodies.

Legal Reasons : Protect firm/organization from legal actions.

6.8 PROVISIONS RELATED TO SAFETY

The Act lay down rules for the purpose of securing the safety of workers.

Summary of the provisions of the Factories Act regarding the safety of the workers are stated below : (Section 21-40)

1. **Fencing of Machinery** : All dangerous machinery must be securely fenced. Eg : Moving parts of prime movers and flywheels connected to every prime mover of electric generators, etc. (Section-21).
2. **Work on or Near Machinery in Motion** : Work on or near machinery in motion must be carried out only by specially trained adult male workers wearing tightly fitting clothes. (Section-22).
3. **Employment of Young Persons on Dangerous Machines** : No young person shall work at any dangerous machine unless the has been specially instructed as to the dangers and the precautions to be observed. (Section-23)
4. **Striking Gear and Devices for Cutting off Power** : In every factory suitable device for cutting off power in emergencies from running machinery shall be provided and maintained in every workroom. (Section-24)
5. **Self-Acting Machines** : Moving parts of a self-acting machine must not be allowed to come within 45 cms. of any fixed structure which is not part of the machine. (Section-25)
6. **Casing of New Machinery** : In all machinery installed after the commencement of the Act, certain parts must be sunk, encased or otherwise effectively guarded.
Eg : Set screw, bolt toothed gearing etc. (Section-26).

7. **Women and Children near Cotton Openers** : Women and children must be allowed to work near cotton openers, except in certain cases. (Section-27).

8. **Hoists, Lifts, Chains, etc** : Every hoist and lift must be so constructed as to be safe. There are detailed rules as to how such safety is to be secured. There are similar provisions regarding lifting machines, chains, ropes and lifting tackle. (Section-28, 29).

9. **Revolving Machinery** : Where grinding is carried on the maximum safe working speed of every revolving machinery connected there with must be notified. Steps must be taken to see that the safe speed is not exceeded. (Section-30).

10. **Pressure Plant** : Where any operation is carried on at a pressure higher than the atmospheric pressure, steps must be taken to ensure that the safe working pressure is not exceeded. (Section-31).

11. **Floors, Stairs and Means of Access** : All floors, steps, stairs, passage and gangways shall be of sound construction and properly maintained. Safe means of access shall be provided to the place where the worker will carry on any work. (Section-32).

12. **Pits, Sumps, Openings in Floors etc** : Sumps, openings in floors etc. must be securely covered or fenced. (Section-33).

13. **Excessive Weights** : No worker shall be made to carry a load so heavy as to cause him injury. (Section-34).

14. **Protection of Eyes** : Effective screen or suitable goggles shall be provided to protect the eyes of the worker from fragments thrown off in course of any manufacturing process and from excessive light if any. (Section-35)

15. **Precautions Against Dangerous Fumes** : No person shall be allowed to enter any chamber, tank, etc., where dangerous fumes

are likely to be present. Such places shall be cooled by ventilation before any person is allowed to enter. (Section-36 and 36A).

16. **Explosive or Inflammable Gas etc :** Where a manufacturing process produces inflammable gas dust fume, etc., steps must be taken to enclose the machine concerned, prevent the accumulation of substances and exclude all possible sources of ignition. (Section-37).

17. **Precaution in Case of Fire :** Fire escapes shall be provided. Windows and doors shall be constructed to open outwards. Arrangements must be made to give warning in case of fire (Section-38).

18. **Maintenance of Buildings and Specifications of Defectives etc and Safety of buildings and Machinery :** If any building or machine is in a defective or dangerous condition, the inspector of factories can ask for the holding of tests of determine how they can be made safe. (Section-39-40).

6.9 HAZARD AND ACCIDENT

6.9.1 Industrial Hazard

Definition : Hazards are defined as the chance risks which surround hazards conditions. A pressure vessel May burst out causing a serious accident. People working in mines are also working in hazardous conditions. Improperly insulated wire, uncovered switches and inflammable materials are industrial hazards.

The hazard is the base whereas accident is the result. Safety precautions are taken so that these hazards which are potential sources of accidents may be eliminated or reduced.

Classification of Hazards :

1. First degree hazards.
2. Second degree hazards.

1. **First Degree Hazards :** These hazards are the inherent potential for accidents. These set a stage for the occurrence of accidents. In normal circumstances these hazards do not cause any damage to life and property.

Some of the examples of this class of hazards are given below :

- (a) Inflammable or combustible materials in the vicinity.
- (b) Presence of sources of ignition.
- (c) Presence of Poisonous materials.
- (d) Possibility of mechanical failure of the objects.
- (e) Production of excessive heat.
- (f) Materials placed under compression just as in pressure vessels.
- (g) Possibility of human error.
- (h) Transport of men and material in the plant.
- (i) Reduced visibility and vision obstructed.

2. **Second Degree Hazards :** These Hazards are those which are capable of inflicting or cause accidents. The second degree hazards take place when the first degree hazards are out of hand. The second degree hazards can directly cause loss of life or property or both.

The following can be considered as the few examples of this type of hazards :

- (a) Falling as from a stair case.
- (b) Fire due to inflammable materials.
- (c) Explosions of compressed materials in the pressure vessels.
- (d) Poisonous gases are released.
- (e) Collision with travelling equipment or vehicles.

6.9.2 Industrial Accidents

Accidents occurring in the industries are called industrial accidents. These are generally due to faulty equipment and machinery or negligence on the part of the workers. Proper precautions can reduce the accidents. There are always some causes for occurring of accidents.

There are always some chances of accidents while working on machinery and equipment. All industrial operations increase the chances of accidents. Proper training and knowledge should be given about the dangers of accidents. Accidents also occur in industries due to faults of the workers. They can be negligent, disinterested in jobs and under the influence of intoxicants resulting in a higher number of accidents.

Definition of Accident : An event of mishappening that occurs unexpectedly is called accident.

6.9.3 Classification of Accidents

There are several methods of classifying the accidents.

Some of the methods are as follows :

1. According to length of recovery from injury.
2. According to cause of events.
3. According to nature of events.
4. According to damage caused.
5. According to nature of injury.

1. **According to Length of Recovery :** This is an important method of classifying the industrial accidents. This is further divided into "three categories :

- (a) First aid cases
- (b) Home case accidents
- (c) Lost time accidents.

(a) **First Aid Cases :** The injuries due to minor accidents are not serious. The workers are given first aid at the factory hospital. After getting the medical treatment at the factory hospital, the worker can again start the work.

(b) **Home-Case Accidents :** The injured worker is given preliminary treatment at the factory hospital and is allowed to go home. The worker may not attend his duties for a maximum of 3 days.

(c) **Lost Time Accidents :** For these accidents, the factory has to pay compensation. The worker has to leave the work on account of accidents for more days in addition to the day, shift or turn in which the mishappening has taken place.

2. **According to Cause of Events :**

- (a) Machine accidents.
- (b) Non-Machine accidents.

(a) **Machine Accidents :** Some example of Machine accidents are given below :

- (i) Catching of fingers, arms, clothing etc., in machines.
- (ii) Catching of tools, guides etc., in machine.
- (iii) Catching of flying objects or particles.

(b) **Non-Machine Accidents :** These are common but generally less serious type accidents.

Some examples are given below :

- (i) Falling objects
- (ii) Objects on floor
- (iii) Pushes, bumps etc., by other persons, objects.

3. Classification According to Nature of Events :

(a) *Traffic Accidents* :

- (i) Collisions with pedestrians
- (ii) Collisions with cars or buses
- (iii) Collisions with other vehicles.

(b) *Passenger Accidents* :

- (i) Boarding moving car or bus
- (ii) Caught or struck by doors
- (iii) Trips, slips, stumbles, falls etc.

4. According to Damage Caused : This classification is based on damage caused. Damage can be property, material or building.

Some Examples are Given Below :

- (i) Damage to the store material
- (ii) Partial or complete loss of container or contents.
- (iii) Damage to Hand trucks.
- (iv) Damage to Trolleys
- (v) Damage to Belt conveyors, cranes or machines.

5. According to Nature of Injury : This classification is as follows,

- (a) Fatal accidents
- (b) Permanent disablement.
- (c) Temporary disablement

(a) **Fatal Accidents** : In such an accident, one or more persons are killed.

(b) **Permanent Accidents** : Due to accident the worker loses earning capacity. Compensation is to be paid to the injured worker and the amount depends upon the "disablement".

Eg : The worker may cut his finger, arm or hand etc.

Permanent Disablement is of Two Types :

- (i) Total disablement
- (ii) Partial disablement

(c) **Temporary Disablement** : These accidents are less serious than of the previous category. Compensation is to be paid according to the workmen's compensation act. Fracture of an arm is an example of temporary disablement.

CAUSES AND ACCIDENT

6.10

Accidents do not just happens but there are always some causes. If we want to decrease the number of accidents, then the causes of accidents must be studied in details.

The various causes can be divided as follows :

- (i) Physical causes based upon unsafe conditions of work.
- (ii) Physiological causes based upon defects of physical body of the workers.
- (iii) Psychological causes based upon mental disturbance of the worker.

6.10.1 Physical Causes

These are linked with the machinery and surroundings. These causes are beyond the control of the worker. The conditions are likely to cause accidents. This is further classified as follows :

1. **Physical causes related to machinery and Plants** : The following can cause accidents :

- (i) Unguarded and unfenced moving machine parts.
- (ii) Unbalanced, noisy and improper adjusted machine parts.
- (iii) Space between the machines is less.
- (iv) Old and worn out machines.

(v) Improper insulation of electric circuits and machinery.

2. **Causes Related to Tools and Materials :** The following will involve more number of accidents :

- (i) Dull or damaged tools.
- (ii) Very sharp edged tools.
- (iii) Inflammable and hot materials.
- (iv) Poisonous and toxic materials.
- (v) Breakable materials.

3. **Causes Related to Dress :**

- (i) Loose or Improper dress.
- (ii) Slippery footwears.
- (iii) Not wearing personal protective equipment.

Eg : Goggles, gloves, screen required during welding.

4. **Causes, Related to Working Conditions :**

- (i) Lighting is not proper.
- (ii) Improper ventilation for the exit of dust and gases.
- (iii) Slippery floors and stairs cases.
- (iv) Working hours are too long resulting in tiredness.
- (v) Defective buildings and projected objects.

6.10.2 Physiological Causes Based on Defects of Physical Body of the it is Workers

These causes of accidents are related to physical body of worker.

Eg : A weak man cannot lift a heavy load. Weak eye sighted person cannot drive a vehicle properly. An old man cannot do heavy work.

Some of the causes of accidents are due to following physiological defects :

(i) Weak eyesight.

(ii) Poor listening power.

(iii) Fairness and high blood pressure.

(iv) Fatigue and exertion of work.

(v) Older employees.

6.10.3 Physiological Causes Based on Mental Disturbance

These are linked with the mental disturbance of individual worker. This is not some external environment but the internal characteristics of the employees that the accident occurs to him. The worker is regarded as careless and is victim of an accident. He does not give proper attention to safety rules and regulations.

The work may involve himself in the accident on account of following :

- (i) His habit of ignoring the things that is carelessness.
- (ii) Frustration, worry or depression.
- (iii) Emotional un-equilibrium due to mental tension.
- (iv) Improper coordination between body and mental faculties.
- (v) Over confidence.

6.11 WORD ENTREPRENEUR

Entrepreneur : This word is derived from the French verb 'Entreprendre' which means, to undertake. In many countries entrepreneur is often associated with a person who starts his won, new and small business. In developing countries a person who starts an industry (new or old), undertakes risk, bears uncertainties and perform decision-making and co-ordination is considered as an entrepreneur. In addition a person that imitates any technique of production from others also is called an 'Entrepreneur'. But in developed world emphasize is an

'innovations'. The initiator is not termed as entrepreneur. But in developed world emphasize is on 'innovations'. The initiator is not termed as entrepreneur.

6.11.1 Definitions of Entrepreneur

1. According to **Francis A Walker** "An Entrepreneur is one who is gifted with more than average capacities in the risk of organising and co-ordinating the various other functions of production".
2. According to **Joseph Schumpeter** "An entrepreneur in any given economy is an individual who introduces something new in the economy".
3. According to **Vasant Desai** "An entrepreneur is one who innovates, raises money, assembles inputs, chooses managers and sets the organization going with his ability to identify them".
4. According to **Encyclopedia Britannica** "An entrepreneur is an individual who bears the risk of operating a business in the face of uncertainty about the future condition".
5. According to **Peter Drucker** "An entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity".

6.12 DIFFERENCE BETWEEN ENTREPRENEURSHIP AND MANAGEMENT

S.No.	The Basis of Comparison	Entrepreneurship	Management
1.	Meaning	A new business started an entrepreneur.	A team of people managing the business.
2.	Function	Business start-up and venture.	Look after an ongoing operation.
3.	Ownership	An entrepreneur is an owner.	The team of management is employees.

OWNER		EMPLOYEE
4. Status	Profit for risk-bearing	Salary as a reward for work.
5. Rewards	A risk associated with entrepreneurship.	Management does not accept any risk.
6. Risk	Entrepreneur set the goal.	Management implies the goal set by the entrepreneur.
7. Goal	Make a decision on personal perception and gut feelings.	Make a decision after collecting detailed information and reaching an operative conclusion.
8. Decision making	An entrepreneur is not getting involved in fraudulent behavior.	A manager may involve or cheat by not working hard.
9. Fraud	Is the innovator	Is the executor
10. Innovation	Centralized	Decentralized
11. Process		

6.13 EXPECTATIONS, ROLE AND QUALITIES OF AN ENTREPRENEUR

6.13.1 Expectations of an Entrepreneur

1. He should undertake the venture with the spirit of service to the society and not with an intention for maximum profits.
2. He should correctly assess the actual need of the society for the products or services he wants to provide.
3. He should work hard to improve the economic efficiency through better management of resources finance and by reducing overhead costs.

4. An entrepreneur can also provide suitable support to large industries in the form of ancillary units. This results in reduction of cost of certain products.
5. He should help in human capital formation by producing men who think in terms of investing capital for productive activities.
6. He should be successful example for self employment to entrepreneurship. This will create qualities for productive activities.
7. He should plan and promote more labour intensive activities so as to reduce the problem of unemployment to certain extent.
8. He should always be prepared to face the challenges from his competitors particularly during initial stages.
9. He should be totally involved and committed to the venture he has undertaken and he must be a prime source of innovation and creativity.
10. He should have thorough and proven operating knowledge of business he is planning to launch.
11. He should have greater integrity and reliability which help to raise conventional investment money and debt financing.

6.13.2 Roles of an Entrepreneur

There are some specific entrepreneurial roles that a person is supposed to fill up in his duties of an entrepreneur.

These are divided into three categories, which are as follows :

- (a) Social Roles
- (b) Economic Roles, and
- (c) Technological Roles.

Let us now discuss each of them in detail :

1. Social Roles of Entrepreneur :

- (i) An innovator who creating opportunities for entrepreneurship.
- (ii) A person who creating job or employment opportunities in the society.
- (iii) A person who engaging in social welfare services of redistributing income and wealth.
- (iv) A person who transforming a standard working procedure into a more modern approach.

2. Economic Roles of Entrepreneur :

- (i) A person who bearing the risk of failing in business.
- (ii) A person who mobilizing the revenue of the organization properly.
- (iii) A person who utilizing human resources in a cost-efficient manner.
- (iv) A person who providing channels of further economic growth in the organization.

3. Technological Roles of Entrepreneur :

- (i) An innovator who changing traditional technology to modern system.
- (ii) A person who Adapting improved technology to business environment.
- (iii) A person who Utilization of available technology in the production process.
- (iv) A person who developing efficiency and competence in the workforce through technology.

6.13.3 Qualities of an Entrepreneur

Qualities of Entrepreneur : In order to organize and run a business successfully, an entrepreneur must possess certain qualities for driving success. Some of them are :

1. **Self-confidence :** Others will trust you only when you trust yourself. This is the most important trait of an entrepreneur who should have the confidence to take ones own decisions.
2. **Risk-taking ability :** Business is all about taking risks and experimenting. Entrepreneurs need to have a risk-taking ability.
3. **Decision-making ability :** Entrepreneurs should have the willingness and capability to take decisions in favor of the organization all the time.
4. **Competitive :** Entrepreneurs should always be ready to give and face competition.
5. **Intelligent :** Entrepreneurs always need to keep their mind active and increase their IQ and knowledge.
6. **Visualization :** Entrepreneurs should have the ability to see things from different point of views.
7. **Patience :** This is another virtue which is very important for entrepreneurship as the path to success is often very challenging and it requires a lot of patience for sustenance.
8. **Emotional tolerance :** The ability to balance professional and personal life and not mixing the two is another important trait of an entrepreneur.
9. **Leadership quality :** Entrepreneurs should be able to lead, control and motivate the mass.
10. **Technical skill :** To be in stride with the recent times, entrepreneurs should at least have a basic knowledge about the technologies that are to be used.

11. Managerial skill : Entrepreneurs should have the required skill to manage different people such as clients, employees, co-workers, competitors, etc.

12. Conflict resolution skill : Entrepreneurs should be able to resolve any type of dispute.

13. Organizing skill : They should be highly organized and should be able to maintain everything in a format and style.

14. High motivation : Entrepreneurs should have high level of motivation. They should be able to encourage everyone to give their level best.

15. Creative : They should be innovative and invite new creative ideas from others as well.

16. Reality-oriented : They should be practical and have rational thinking.

6.14 ROLE OF ENTREPRENEURS IN PROMOTING SMALL SCALE INDUSTRIES

Effectiveness of small enterprises depends upon the entrepreneurial and managerial capabilities of those involved in the business. Because of its size and unique operating characteristics, a small enterprise requires a management approach which is also unique. Small enterprises are generally managed in a personalized fashion. The owner is also the manager until the firm grows to a certain level.

There is a wide range of significant contributions that entrepreneurs and entrepreneurship can make to the development process. These include the following :

- (a) Entrepreneurship raises productivity through technical and other forms of innovation
- (b) Entrepreneurship is a powerful tool of job creation.

- (c) Entrepreneurship facilitates the transfer of technology.
- (d) Entrepreneurs play a strategic role in commercializing new inventions and products.
- (e) Entrepreneurs play a critical role in the restructuring and transformation of economy.
- (h) Entrepreneurs make markets more competitive and thereby reduce both static and dynamic market inefficiency.
- (k) Entrepreneurs improve the social welfare of a country by harnessing dormant, previously overlooked talent.
- (l) Entrepreneurs create new markets and facilitate expansion into international market.

6.15 SELF-EMPLOYMENT SCHEMES

The term Self-Employment is a type of employment in which a person or group is employed for them and gets paid from the firm's profit, instead of working for others. The programmes related to self-employment in India have made many citizens employed and opened new employment opportunities. The Central Government of India runs many schemes to encourage the people towards self-employment throughout the country. The list of self-employment schemes in India is listed below.

6.15.1 Aspire Scheme

A Scheme for Promotion and Innovation, Rural Industries and Entrepreneurship (ASPIRE) is aimed to make the people of rural areas self-employed by providing financial support from subsidies and loans. The main aim of introducing this scheme is to generate opportunities in rural areas. To build new enterprises in rural areas, the Aspire scheme was introduced by the Government of India in 2015.

6.15.2 Prime Minister Employment Generation Programme

This scheme is introduced by the Khadi and Village Industries Commission (KVIC) to produce employment opportunities in the urban and rural areas of the country. Any citizen of India who has crossed the age of minority (18 years) is eligible to get the benefits of this scheme. The Prime Minister Employment Generation Programme is only for the new ideas and not for the established ones. The maximum cost of a project unit provided by the Central Government under this scheme is Rs. 25 Lakhs for the production sector and Rs. 10 Lakhs for the service sector.

6.15.3 Pradhan Mantri Rozgar Scheme

Pradhan Mantri Rozgar Scheme is the scheme of the Central Government, launched in 1993, which focuses on providing self-employment to the literate youth who do not get any job. This scheme provides loans for unemployed women and youth. With the help of this loan, young India can start their business with innovative ideas in many sectors.

Under this scheme, the loan amount of up to Rs. 1 Lakhs is offered to the borrower and training of 15 to 20 days is provided. The period of repayment is 3 to 7 years of the loan amount.

6.15.4 Micro-Credit Scheme for Self-Help Groups

Micro-credit scheme for self-help groups is run for the members of self-help groups (SHGs), generally for the ladies who live in the rural areas or the slum section of urban areas. The National Ministry, Development and Finance Corporation, looks out for this scheme. In the micro-credit scheme, as the name suggests, the little or micro amount of Rs. 1 Lakhs to the members of self-help groups with the 7% rate of interest. The period of refund of this loan is three years.

4. **APSSIDC** : A.P. State Small Scale Industries, Development Corporation.
5. **APIDC** : A.P. State Industrial Development Corporation.
6. **AP AGROS** : A.P. Agro Industries Corporation.
7. **APIIC** : A.P. Industrial Infrastructural Corporation.
8. **APHDC** : A.P. Handicrafts Development Corporation.
9. **APMC** : A.P. Mining Corporation.
10. Rural Banks etc.

6.19 ORGANIZATIONS THAT HELP AN ENTREPRENEUR

Various institutes which can help an entrepreneur both at National level and state level are explained below.

6.19.1 National Level Institutions

1. National Small Industries Corporation (NSIC).
2. Small Industries Development Organization (SIDO).
3. Small Industries Service Institutes (SISI).
4. National Institute of Small Industries Extension and Training (NISIET).
5. National Institute for Entrepreneurship and Small Business Development (NIESBUD).
6. Entrepreneurship Development Institute of India (EDII).
7. Small Scale Industries Board (SSIB).

6.19.2 State Level Institutions

1. District Industries Centers (DIC).
2. Directorate of Industries (DIs).
3. State Industrial Development/Investment Corporation (SIDC/ SIIC).
4. State Small Industries Development Corporations (SSIDC).

6.20 START-UPS

A startup is a company or organization in its early stages. A startup is characterized by high uncertainty and risk. A startup's success depends on its ability to solve a problem that people care about.

Why are startups important :

Startups are important because they are the source of new ideas and innovations. They are the engine of economic growth, creating jobs and driving productivity.

There are many reasons why startups are important. Here are just a few :

1. Startups create jobs.
2. Startups drive innovation.
3. Startups generate wealth.
4. Startups are the engine of economic growth.
5. Startups provide opportunities for people with ideas and vision.
6. Startups are riskier than established businesses, but they also have the potential to generate higher returns.
7. Startups are an important source of new products and services.
8. Startups help to diversify the economy.
9. Startups can have a positive impact on society.
10. Startups are fun!

6.21 DIFFERENT START-UP SCHEMES

The Government of India and the Ministry of Micro, Small, and Medium Enterprises have launched more than 14 schemes

to empower startups and MSMEs in India. Here listed out 14 government schemes in India that are specially for startups or entrepreneurs who are looking to get help from these schemes.

1. **MSME Sustainable (ZED) Certification** : The ZED Certification Scheme was launched with the aim of creating awareness amongst MSMEs about Zero Defect and Zero Effect (ZED). It includes three levels of certification: Bronze, Silver and Gold, and is primarily based on the parameters of Quality, Safety, Production, Cleanliness and more.

Currently, under this scheme, the government has provided around INR 7.43 crore in financial support.

2. **The Multiplier Grants Scheme (MGS)** : The Multiplier Grants Scheme (MGS) was launched by the Department of Electronics and Information Technology (DeITY) with the aim of bringing together industry and academic institutions. They wanted to encourage R&D collaboration for the development of products and packages. This process would strengthen the relationship between industries and institutes and help drive the development of indigenous products and packages faster.

3. **Startup Leadership Program (SLP)** : The Startup Leadership Program (SLP) is a renowned global training program for innovators, leaders, and founders of today's world who want to become startup CEOs. It is a non-profit educational program that not only provides classes to the next generation of leaders and entrepreneurs but also works as a professional network for them.
- This startup initiative has educated over 3,900 people in over 14 countries and helped over 2000 startups.

4. **ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship)** : The ASPIRE Scheme was introduced by the Government of India in 2015 with the aim

of improving rural India's social and economic aspects of life, making it one of the most popular schemes launched by the Indian Government.

One of the main objectives of ASPIRE is to create new job opportunities to reduce unemployment and strengthen the competitiveness of startups and the MSME sector. All MSMEs, competitive entrepreneurs, Memorandum Registration are eligible with an Entrepreneur.

for this scheme.

5. **Startup India Initiative** : The Startup India Initiative is, by far, the largest government scheme for startups in India. Started by Prime Minister Narendra Modi in 2016, over 50,000 businesses come under this scheme.

It has an extensive collection of ebooks, courses, and mentorship programs to promote leadership and skills.

6. **Startup India Seed Fund Scheme** : The Startup India Seed Fund Scheme (SISFS) provides financial assistance to early-stage startups for market entry, product trials, commercialization, prototype development, and proof of concept. This is one of the best schemes for funding for startups in India by government.

7. **Pradhan Mantri Mudra Yojna** : PMMY is a scheme for startups and MSMEs that aims to provide access to capital and loans to help ventures sustain and grow their business. Launched in 2015, eligible applicants can claim loans of up to 10 lakhs for working capital requirements. The repayment period for loans availed under this scheme is five to seven years.

8. **Atal Innovation Mission** : This scheme belongs to a category of government schemes for startups with a mandate to promote entrepreneurship and innovation countrywide. The core focus of this scheme is on tier-2 and tier-3 cities.

9. Credit Guarantee Trust Fund : The Credit Guarantee Trust Fund

For Micro & Small Enterprises (CGTMSE) provides collateral free loans for MSMEs and selected startups. The amount of these loans can range up to INR 1 crore. It helps retailers, self-help groups, educational institutes, SMEs, and farmers.

10. Venture Capital Assistance Scheme : It is one of the most

sought-after government schemes for startups in the agricultural sector. Under this scheme, entrepreneurs can receive interest-free debt and OD. It allows them to cover up their working capital.

11. The Standup India Scheme : This scheme is one of the few

government schemes for startups that encourage entrepreneurship among scheduled tribes (STs), scheduled castes (SCs), and women by offering financial help as loans.

The SIC, launched by the Prime Minister in 2016, aims to promote employment generation for backward castes and women and entrepreneurial spirit in this section.

12. Design Clinic Scheme : The government of India wants every

startup and MSME to build a design-centric approach for fueling their business. In order to boost experimentation with new designs, the MSME Ministry established this scheme.

13. Raw Material Assistance Scheme : This government scheme

for startups in India was launched by National Small Industries Corporation (NSIC). It aims to assist manufacturers and startups with procuring raw materials. Under this scheme, applicants can claim low-interest loans and financial help to get raw materials.

14. Single Point Registration Scheme : This government startup

scheme offers a single-window system for filing tenders to startups and MSMEs. It is administered by the National Small Industries Corporation.

CHAPTER 6 FEATURES AND ELIGIBILITY FOR STARTUP REGISTRATION

6.22.1 Startup India Scheme of the Government of India

Start Up India Scheme is an initiative of GOI to develop an environment that promotes entrepreneurship across India. It aims at empowering startups through innovation and design.

Some Features of the Scheme are as follows :

1. **Simplification and Hand-holding :** Government has announced simplifications for clearance, approval, and registration of startups.
2. **No Inspections :** No inspection regarding labour laws up to three years of launch.
3. **Startup India Hub :** Creating Startup India Hub to enable knowledge exchange and awareness of funding.
4. **Legal Support :** Launching scheme for Startups Intellectual Property Protection (SIPP) for facilitating the protection of patents, trademarks and designs of startups.
5. **Easy Exit :** Easy exit of startups to promote experimentation and innovations.
6. **Tax Exemption :** Exemption from paying income tax for the first three years on obtaining the interministerial board certification and can claim capital gain tax exemption for the first three years.

6.22.2 Eligibility Criteria for Stand Up India Scheme

There are certain eligibility criteria that need to be fulfilled by the people applying for the loan :

1. The individual must be 18 years or above.
2. The company must be a private limited/LLP or a partnership firm.

5. Labour :

- Availability of skilled and unskilled labour.
- Stability of labour rates.
- Nature of local labour.

6. Transportation :

- Facilities for transportation such as railway stations, ports, etc.
- Emergency air travel facility.
- Facilities for transportation of water, fuel, etc.

7. Factors like climatic conditions, cultural aspects, rules and regulations of panchayat, municipal corporation etc., concessions and incentives available, laws of taxation and Government laws are also considered before setting up any plant.

6.18 FINANCIAL ASSISTANCE PROGRAMS FOR INDUSTRIES

The Indian Government has been supporting and developing small unit sectors. India is focusing on rural industries and cottage industries. According to Layman's language, a small business is a project or venture that requires a small budget or is run by small group of people.

Both central and State Government have been emphasizing more on self-employment opportunities in rural sectors by providing help and support in financing in terms of loans, training in terms of programs, infrastructure, raw materials and technology.

The core purpose of the government is to utilize the local manpower and locally available resources. Which are further transformed into action by local departments, agencies, corporations, etc.

Central Government Institutional Support for**6.8.1 Small Industries**

1. National Bank for Agriculture and Rural Development (NABARD).
2. Browse more topics under Small Business.
3. A Rural Small Business Development Centre (RSBDC).
4. Small Industries Development Bank of India (SIDBI).
5. The National Commission for Enterprises in the Unorganized Sector (NCEUS).
6. Rural and Women Entrepreneurship Development (RWED).
7. World Association for Small and Medium Enterprises (WASME).
8. Scheme of Funds for Re-generation of Traditional Industries.
9. Industrial development Bank of India (IDBI).
10. Industrial Finance Corporation of India (IFCI).
11. Industrial Credit and Investment Corporation of India (ICICI).
12. National Small Scale Industries Development Corporation of India (NSSIDC).
13. National Small Industries Corporation (NSIC).
14. Life Insurance Corporation of India (LIC).
15. Unit Trust of India (UTI).
16. Commercial Banks.

6.18.2 State Level Agencies

1. APSFC : A.P State Financial Corporation.
2. APKVI : A.P Khadi & Village Industries.
3. APSDI : A.P State Director of Industries.

1. With the demand seasonal or continuous, continuous demand preferred.
2. Raw material should be available sufficiently and continuously.
3. Sufficient working capital should be available.
4. When there are more than one product the fast moving product is to be selected.
5. Good market should be there.
6. Usually preferred to set the advantages announced by government.
7. Whether the product is banned by Government if yes, it should not be selected.
8. Whether the imports are banned. If the imports are banned by Govt it is advantage for our product.
9. Incentives, concessions and various other advantages have been announced by the Government for some type of products. Such type of product should be selected.
10. Government may purchase a list of item exclusively from Small Scale Section. This products should be preferred.
11. A product belonging to ancillary unit and also serves as a major component for the parent industry can be selected as demand is assured.

6.17 SITE SELECTION

It is also called as plant location. Plant location can be defined as the determination of that location which when considering all factors will provide minimum cost delivered to the customer. Same levels of problem can be considered when considering plant location

Factors Influencing Site Selection are :

1. Site Characteristics :

- Contour of site.
- Soil structure (clayey, sandy, rocky etc).
- Access for air, road and river.
- Possibility of future expansion.
- Cost of site.

2. Risk :

- History of floods in surrounding area.
- Past occurrence of earthquakes etc.
- Distance from industrial installations.
- Fire hazards in surrounding areas.
- Risks of wars and civil commotions.

3. Supplies :

- Availability of raw materials from the source at the shortest distance.
- Availability of raw material from the existing or future supplies.
- Availability of substitute material.
- Availability of electrical power and fuel and their costs.
- Cost of unit of water at site.

4. Waste Disposal :

- Facilities for discharging or depositing waste.
- Restrictions if any in waste disposal.
- Local regulations.

6.15.5 Self-Employment Lending Scheme

The Self-Employment Lending Scheme is run by the National Ministry Development and Finance Corporation (NMDFC) for the minor community to make them self-employed. The maximum value of loan amount sanctioned under this credit line term-2 scheme is Rs. 30 Lakhs, and for credit line term-1 is Rs. 20 Lakhs. The rate of interest charged on this amount to the minor communities is 3%, and the repayment tenure is five years.

6.15.6 Self-Employment Programme for Urban Poor Scheme

The Self-Employment Programme for Urban Poor Scheme is the programme under the National Urban Livelihoods Mission (NULM). This scheme provides the poor living in Urban areas with financial support. There is no education qualification required to be eligible for this scheme, and any individual or group with a minimum number of members three can apply for it. For the groups, the sanctioned loan amount is up to Rs. 10 Lakh for groups and Rs. 2 Lakh for individuals. The interest rate in this scheme is 7%, and the tenure of refund ranges from 5 to 7 years.

6.15.7 Pradhan Mantri Mudra Scheme

Many young innovators do things out of the box. The Central Government introduced the Pradhan Mantri Mudra Scheme to encourage those innovators toward self-employment. This scheme provides the facility of credit to different Micro, Small and Medium Enterprises.

- **SHISHU Loan :** The loan amount provided in the SHISHU loan has a maximum limit of Rs. 50,000. This loan is provided to set up the new business.

- **KISHOR Loan :** The loan amount provided in the KISHOR loan ranges from Rs. 50,001 to Rs. 5,00,000. This loan is given to those existing industries which want to purchase the new equipment and raw materials.

- **TARUN Loan :** The loan amount provided in the TARUN loan ranges from Rs. 5,00,001 to Rs. 10,00,000. It is provided to the enterprises and businesses which are already existing and want to grow at a large scale.

6.15.8 Some other important self-employment schemes run by the Central Government

S.No.	Name of the Scheme	Benefits
1.	Mahila Samridhi Scheme	The beneficiary loan amount for a lady in the microfinance scheme is Rs. 60,000.
2.	Anna Nirbhar Bharat Scheme	Up to 3 Lakhs to the farmers.
3.	Marketing Assistant Scheme	Offer 25% to 95% off of the space rent and Airfare to the innovators.
4.	Startup or Stand Up India Scheme	Between 10 Lakhs to 1 Crore to the group in which minimum one schedule tribe or Scheduled caste person and minimum one lady is a member.
5.	Self-Employment Scheme	This scheme is for the handicapped individuals, who want to set up their business in their area with a maximum limit of Rs. 50 Lakhs.

6.16 PRODUCT SELECTION

A product is a useful item obtained by the transformation of Raw material initially to start enterprise, entrepreneur has to select the product, he wants to produce. For selecting the product, he has to consider the following factors.

3. The turnover of the firm must not be more than 25 crore.
4. The entrepreneur should either be a woman for a person belonging to scheduled caste or scheduled tribe category.
5. The loan will only be provided to fund greenfield projects i.e., the project must be a very first one being undertaken under the manufacturing or service sector.
6. The applicant must not be a bank or any other Organisation's defaulter.
7. The company should be dealing with any commercial or innovative consumer goods. An approval of DIPP is also required for the same.

6.23 START-UPS

When the Government comes up with a scheme, its main aim is to benefit the citizens and the same is the case with the Stand Up India scheme.

Given below are the benefits of launching the Stand-Up India scheme :

1. The basic aim of the initiative is to provide encourage and motivate new entrepreneurs so as to minimize unemployment.
2. If you are an investor then Stand Up India gives you the right platform where you get professional advice, time, and knowledge about laws. Another benefit is that they would assist you in the startup for the initial two years of your work.
3. They also provide post set up aid to the consultants.
4. Moreover, another benefit for entrepreneurs is that they do not have to worry much about how to pay back the amount that they have taken for the loan as they need to pay back the loan in a span of seven years, which reduces the stress of

5. This scheme will help to eradicate legal, operational and other institutional obstacles for entrepreneurs as well.
6. It can be a very positive boost in terms of job creation, leading to socio-economic empowerment of Dalits, tribals and women.
7. It may also act as the driving force for other Government schemes like Skill India and Make in India.
8. It will help protect the demographic dividend in India.
9. With access to bank accounts and technological education, it will lead to financial and social inclusion of these strata of society.