

# Unit - 1

## **Management:**

Management is the process of planning, organizing, leading, and controlling resources (such as people, financial, materials) in an organization to achieve goals and objectives.

## **CHARACTERISTICS OF MANAGEMENT**

1. It should be stable
2. It should be applicable to all kinds of organizations
3. It is transparent
4. Its approaches are very clear and goal oriented
5. It should be simple yet effective
6. It should be responsive to economic, technological, social, political factors that affect the areas of operation
7. It should have well defined goals
8. It should have good planning, organizing, staffing, directing and controlling functions

## **NATURE OF MANAGEMENT**

## **DRUMS**

1. Multidisciplinary
2. Dynamic nature of principles
3. Relative not absolute principles
4. Management – science or art
5. Universality of management

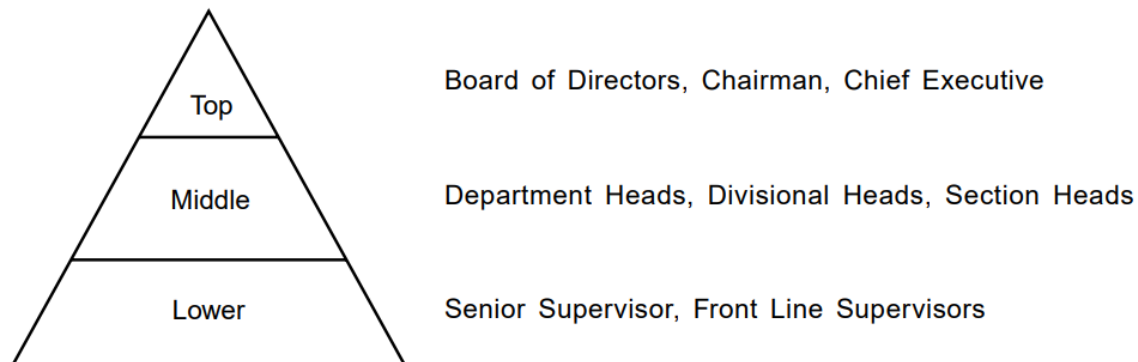
## **Role of manager**

## **LM FRENDDS**

1. Figurehead role: legal actions, outward relationships, dignitaries
2. Leader role: selecting, guiding and motivating subordinates
3. Liaison role: relationship with people of other organizations
4. Monitor role: collecting information about internal operations, attending meetings
5. Disseminator role: transmission of information internally to subordinates, superiors
6. Spokesperson role: press report, public speech,
7. Entrepreneurial role: initiating change, assuming risk, transforming ideas into products
8. Disturbance handler role: resolving conflicts arising in an organization
9. Resource allocator role: such as money, labour, materials and equipments
10. Negotiator role: bargaining with suppliers, customers, employees etc.

## LEVELS OF MANAGEMENT

Top Management, Middle Management and Supervisory/Lower Level



**Fig. 1.3: Levels of management**

Top level management determines goals and objectives. It performs overall planning, organizing, staffing, directing and controlling. It integrates organization with environment, balances the interest groups and is responsible for overall results.

Middle management stands between top management and supervisory management level. Middle level management establishes programs for department and carries out functions for achieving specific goals. The other functions of middle level management are training and development of employees, integrating various parts of the department.

Supervisory management is concerned with efficiency in using resources of the organization. A supervisor is an executor of policies and procedures making a series of decisions with well-defined and specified premises.

## Modern Management Approaches

## BCQS

### A. Behavioural Approach

- 1) Behavioral Scientists encourage self direction and control instead of imposed control

### B. Quantitative Approach

- 1) Provide tools and techniques for making objectively rational decisions.
- 2) Reasonable, unemotional and scientific approach
- 3) This approach is widely used in planning and control activities where problems can be defined in quantitative terms.

### C. Systems Approach

- 1) An organization is also a system composed of four independent parts namely, task, structure, people and technology
- 2) A system can be open or closed system. In open system, a system interacts with surrounding. An organization is open system because it interacts with it.

#### **D. Contingency Approach**

- 1) This approach suggests that the task of managers is to identify which technique in a situation best contribute to the attainment of goals
- 2) Managers therefore have to develop a sort of situational sensitivity and practical selectivity.

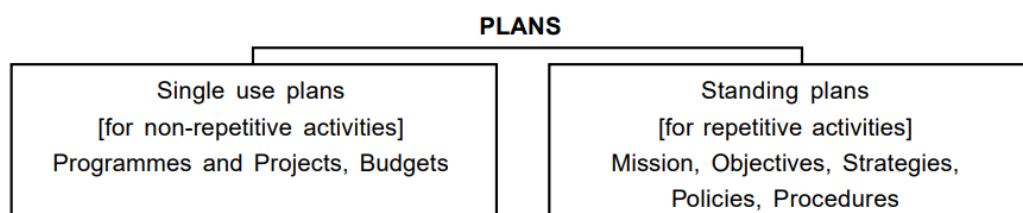
#### **Nature of planning                      P FOR**

- Planning: A Rational Approach
- Planning: An Open System Approach
- Flexibility of Planning
- Pervasiveness of Planning

#### **IMPORTANCE OF PLANNING      MFPIC**

- 1) Primacy of planning
- 2) To minimize risk and uncertainty
- 3) To focus attention on objectives
- 4) To facilitate control
- 5) To increase organizational effectiveness

#### **TYPES OF PLANS**



**Fig. 2.3:** Types of plans

## STEPS IN PLANNING/PLANNING PROCESS

1. Establishing goals/objectives.
2. Establishing planning premises.
3. Deciding the planning period.
4. Identification of alternatives.
5. Evaluation and selection of alternative.
6. Developing derivative/supportive plans.
7. Measuring and controlling the process.

## ORGANIZATION STRUCTURE

- An organization structure shows the authority and responsibility relationship between the various positions of the organization by **showing who reports to whom**.
- It is a set of planned relationships between groups of related functions and between physical factors and personnel required for the achievement of organizational goal.
- The structure of an organization is generally shown on the organization chart or a job **task pyramid**.
- It shows the **authority and responsibility relationship between various positions** in the organization.
- A good organization structure should not be static but **dynamic**.
- It **should be subject to change** from time to time in the light of changes in the business environment.

## Management cycle/functions

## POLCSD

### 1. Planning:

- The management function that assesses the management environment to set future objectives and map out activities necessary to achieve those objectives.
- To be effective, the objectives of individuals, teams, and management should be coordinated to support the firm's mission.

### 2. Organizing:

- The management function that determines how the firm's human, financial, physical, informational, and technical resources are arranged and coordinated to perform tasks to achieve desired goals.
- The deployment of resources to achieve strategic goals.

### 3. Leading:

- The management function that energizes people to contribute their best individually and in cooperation with other people

### 4. Controlling:

- The management function that measures performance, compares it to objectives, implements necessary changes, and monitors progress.
- Many of these issues involve feedback or identifying potential problems and taking corrective action.

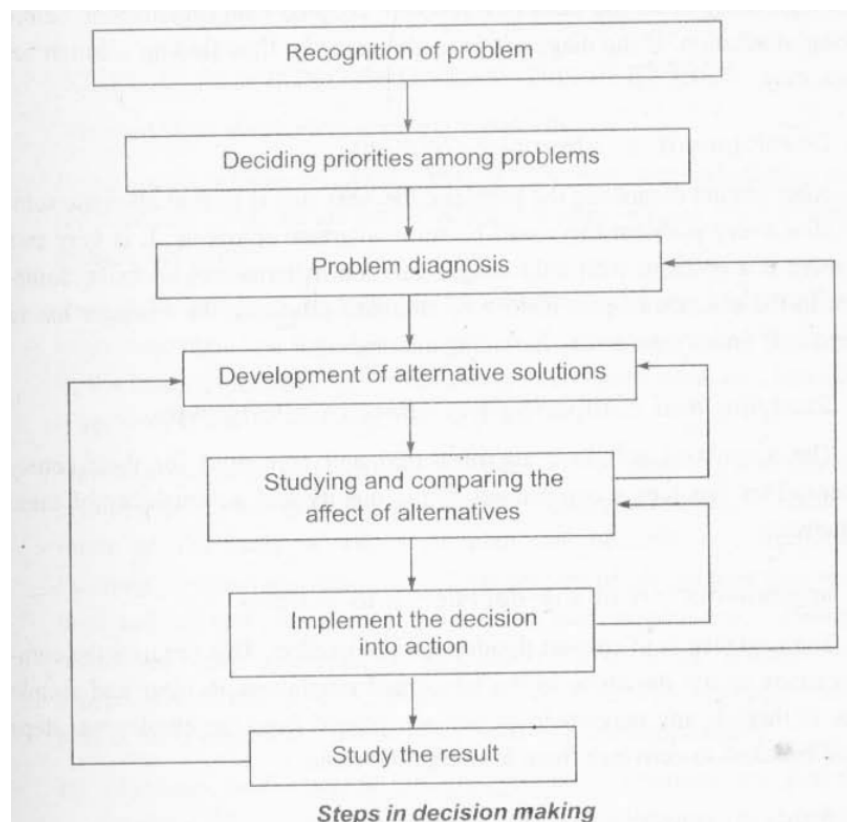
### 5. Staffing:

Staffing involves managing various positions of the organizational structure. It involves selecting and placing the right person at the right position. Staffing includes identifying the gap between manpower required and available, identifying the sources from where people will be selected, selecting people, training them, fixing the financial compensation and appraising them periodically. The success of the organization depends upon the successful performance of staffing function.

### 6. Directing

Planning, organizing and staffing functions are concerned with the preliminary work for the achievement of organizational objectives. The actual performance of the task starts with the function of direction. This function can be called by various names namely "leading", "directing", "motivating", "activating" and so on.

### Steps in decision making:



**Types of Planning: CSLPF**

1. Corporate and functional planning
2. Strategic and operational planning
3. Long and short term planning
4. Proactive and reactive plans
5. Formal and informal planning

**Principles of organization****OB USER ASUF**

1. Objectives
2. Specialization
3. Responsibility
4. Authority
5. Efficiency
6. Simplicity
7. Flexibility
8. Balance
9. Unity of direction
10. Unity of command

**Types of Decisions**

1. Programmed and non-programmed decisions
2. Major and minor decisions
3. Simple and complex decisions
4. Strategic and operational decisions
5. Individual and group decisions

**Decision Making Process:**

- (1) Recognizing the problem.
- (2) Deciding priorities among the problems.
- (3) Diagnosing the problem.
- (4) Developing alternative solutions or courses of activities.
- (5) Evaluating alternatives.
- (6) Converting the decision into effective action and follow up of action

## Functional organization

The line organization does not provide specialists in the structure. Many jobs require specialized knowledge to perform them. In functional organization the specialists are made available in the top positions throughout the enterprise. It confers upon the holder of a functional position, a limited power of command over the people of various departments concerning their function. Functional authority remains confined to functional guidance of different department. Under functional organization, various activities of the enterprise are classified according to certain functions like production, marketing, finance, personnel etc., and are put under the charge of functional specialists as show in fig.3.5. A functional incharge directs the subordinates throughout the organization in his particular area of business operation. That means that subordinates receives orders and instructions not from one superior but from several functional specialists.

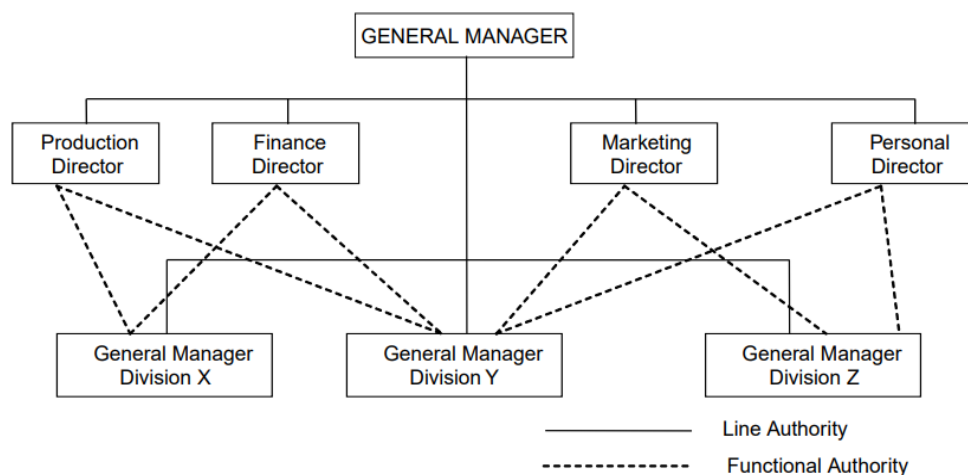


Fig. 3.5: Functional organization

## The advantages of functional organization

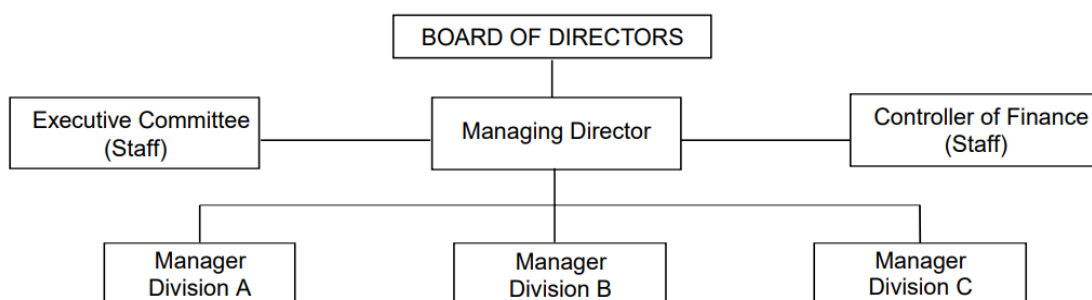
- (1) Specialization.
- (2) Reduces the burden on the top executives.
- (3) Offers greater scope for expansion.
- (4) A functional manager is required to have expertise in one function only. This makes it easy for executive development.

## Disadvantages

- (1) Violates principles of unity of command.
- (2) The operation of functional organization is too complicated.
- (3) It develops specialists rather than generalists.
- (4) Lack of coordination among functional executives which delays decision making.

### Line and staff organization

In order to reap the advantages of both line organization and functional organization, a new type of organization is developed i.e., line and staff organization. In line and staff organization, the line authority remains the same as it does in the line organization. Authority flows from top to bottom. In addition, the specialists are attached to line managers to advise them on important matters. These specialists stand ready with their speciality to serve line men as and when their services are called for to collect information and to give help which will enable the line officials to carryout their activity better. The staff officials do not have any power of command in the organization as they are employed to provide expert advice to the line manager. In most of the organization, staff investigates and supplies information and recommendations to managers who takes decision. Specialized staff positions are created to give counsel and assistance in each specialized field of effort as show in fig 3.6.



**Fig. 3.6:** Line and staff organization

#### Advantages

- (1) Specialized knowledge
- (2) Reduction of burden on line managers.
- (3) Better decisions, as staff specialists help the line managers
- (4) Unity of command
- (5) Flexible when compared to functional organization.

#### Disadvantages

- (1) Allocation of duties between line and staff is not clear.
- (2) There is generally conflict between line and staff executives.
- (3) Since staff is not accountable, they may not be performing well.
- (4) Difference between orientations of line and staff. Line executive's deals with in problem in a more practical manner while staff, tend to be more theoretical.



**Span of Control**

The span of control indicates the number of subordinates who can be successfully directed by a supervisor. It is often referred to as span of management, span of supervision, span of authority.

**Factors affecting span of control:**

- Subordinate training
- Clarity of delegation of authority
- Clarity of plans
- Use of objective standards
- Rate of change
- Communication technique
- Amount of personal contact needed

## Unit - 2

**Staffing:**

Staffing refers to the process of recruiting, hiring, and managing employees in an organization. This process involves identifying the number and types of employees needed, as well as developing strategies for attracting and retaining the best talent.

Additionally, staffing also includes the management of employee performance, such as setting goals and providing feedback, as well as ensuring that employees are properly trained and equipped to perform their roles. In the context of entrepreneurship, staffing can also refer to the process of building a team to help bring a new business idea to fruition.

**Nature and importance of Staffing:**

- (i) It helps in discovering talented and competent workers and developing them to move the organization ladder.
- (ii) Staffing is important to put the right person at right job which results in increased production.
- (iii) It avoids sudden disruption of the production due to shortage of workers, since it plans and fills the positions.
- (iv) It maintains harmony and creates healthy atmosphere in any organization by planning the promotions, training needs and additional skills required.
- (v) It plans the requirement of man power at various time and levels of a project and cater to it.

1. Increasing size of organization
2. Advancement of technology
3. Long-range needs of manpower
4. Recognition of human relations

**Sources of Selection:**

1. Direct recruitment
2. Unsolicited applications
3. Advertising
4. Employment agencies
5. Educational institutions
6. Labour contractor
7. Recommendations

**Steps in selection process:**

1. Application Blank
2. Preliminary Interview
3. Selection Tests
4. Employment Interview
5. Reference and Background Checks
6. Selection Decision
7. Physical Examinations/ Medical Examinations
8. Job Offer
9. Contract Of Employment
10. Evaluation of Selection program

## IMPORTANCE OF COMMUNICATION

(1) Every aspect of manager's job may it be planning, organizing, staffing, directing and controlling involves communication. Researches have shown that about 75 per cent of the manager's time is spent in communication.

(2) Nothing contributes so much to managerial effectiveness as effective communication. Managers do not deal with 'things' but with 'information about things'.

(3) However, the decision at the top are, they will serve no purpose unless the manager successfully communicate the implications of these decisions to the subordinates who are to implement them.

(4) Communication is the essence of organized activity. It is the basis of direction and leadership. The managers have to communicate to give instructions, orders, to assign jobs and to fix responsibility.

(5) Communication renders the complexity of business intelligible and workable.

(6) The better the communication, the more efficient the work performance. Good communication not only obtains manager's effectiveness but organizational effectiveness too.

## Leadership styles

**Autocratic leadership:** An autocratic leader is one who dominates and drives his subordinates through coercion, command and the instilling of fear in his followers. An autocratic leader alone determines policies, plans and makes decisions. He demands strict obedience. Such leaders love power and love to use it for promoting their own ends. They never like to delegate their power for they fear that they may lose their authority.

The merits of this type of leadership is that, it can increase efficiency, save time, and get quick results under emergency conditions, chain of command and division of work are clear.

The demerits are people are treated machine-like cogs without human dignity, one way communication without feedback and the leader receives little or no input from his sub-ordinates for his decision-making which is dangerous in the current dynamic environment.

**Democratic leadership:** This style of leadership is also known as participative leadership. As the name itself indicates, in this style, the entire group is involved in goal setting and achieving it.

A democratic leader follows the majority opinion as expressed by his group.

Subordinates have considerable freedom of action. The leader shows greater concern for his people's interest, is friendly and helpful to them. He is always ready to defend

their subordinates individually and collectively. This type of leadership encourages people to develop and grow, receives information and ideas from his subordinates to make decisions, and boosts the morale of employees.

The demerits of this type of leadership are

- (1) Some leaders may use this style as a way of avoiding responsibility,
- (2) Can take enormous amount of time for making decisions.

**Free-rein:** In this type of leadership, the leaders exercise absolutely no control. He only provides information, materials and facilities to his subordinates. This type of leadership is employee centered and the subordinates are free to establish their own goals and chart out the course of action. This type of leadership can be disaster if the leader does not know well the competence and integrity of his people and their ability to handle this kind of freedom.

### **Comparing Autocratic and Democratic:**

Autocratic leadership and democratic leadership are two different styles of management and leadership.

Autocratic leadership is a style of management in which the leader makes all decisions and expects complete obedience from their followers. The leader has complete control over the decision-making process and little input is sought from the team. This style is often seen as efficient, but can lead to high employee turnover, low morale, and lack of creativity and innovation.

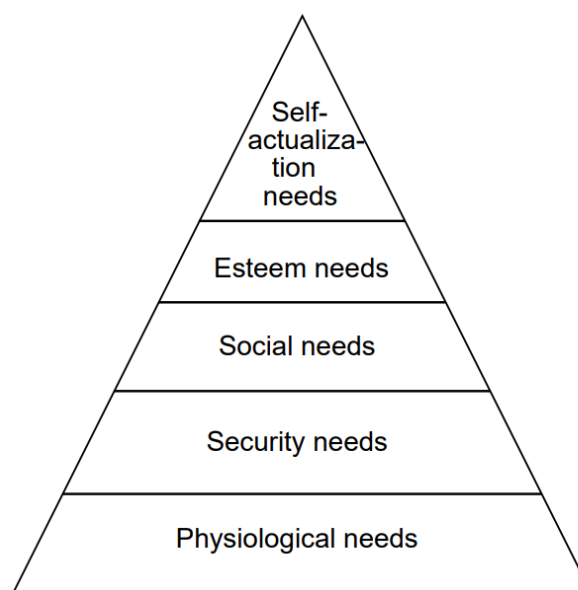
Democratic leadership, on the other hand, is a style of management in which the leader encourages participation and input from the team. The leader still makes the final decision, but the process is more collaborative, with the team being more involved. This style is often seen as fostering creativity and innovation, and can lead to higher employee morale and lower turnover.

In terms of management and entrepreneurship, autocratic leadership is often seen as a more traditional and conventional approach, while democratic leadership is seen as a more modern and innovative approach. Both styles have their advantages and disadvantages, and the best approach depends on the specific circumstances and goals of the organization.

In Entrepreneurship, Autocratic leadership is more common in early stages of the business where the founder has a clear vision and is making quick decisions. In later stages of the business, democratic leadership is more common as the founder might need to delegate more decision making.

## Importance of Training and methods of training.

### Maslow's Theory of Motivation:



**Figure 4.2:** Hierarchies of needs

**PSSSES**

- (1) ***Physiological needs:*** These are the basic needs for sustaining human life itself, such as food, water, shelter and sleep. Maslow took the position that until these needs are satisfied to the reasonable degree necessary to maintain life, other needs will not motivate people.
- (2) ***Security or safety needs:*** People want to be free of physical danger and of the fear of losing job, property or shelter.
- (3) ***Social needs:*** Since people are social being, they need to belong, to be accepted by others.
- (4) ***Esteem needs:*** Once people begin to satisfy their need to belonging, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige and status.
- (5) ***Self-actualization needs:*** It is desire to become what one is capable of becoming-to maximize one's potential and to accomplish something.

### **Hertzberg's Two Factors Theory Fredrick**

- The motivation-hygiene theory, also known as the two-factor theory, was developed by psychologist Frederick Herzberg in the 1950s. The theory states that there are certain factors in the workplace that can lead to job satisfaction (motivators) and other factors that can lead to dissatisfaction (hygiene factors).
- Motivators include things like recognition, achievement, and growth opportunities. These factors are related to the actual job itself and can lead to increased engagement and motivation.
- Hygiene factors, on the other hand, include things like salary, working conditions, and company policies. These factors are not directly related to the job itself, but they can affect an employee's overall perception of the job. If these factors are not met, it can lead to dissatisfaction, but if they are met, it does not necessarily lead to satisfaction.
- According to Herzberg, to increase job satisfaction, employers should focus on providing opportunities for growth and recognition, while also addressing hygiene factors to prevent dissatisfaction.

### **CONTROLLING:**

Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

### **ESSENTIALS OF CONTROL SYSTEM**

1. Suitable
2. Timely and forward looking
3. Objective and comprehensible
4. Flexible
5. Economical
6. Control by exceptions
7. Prescriptive and operational
8. Acceptable to organization members
9. Motivation

### **STOPFACEM**

### **STEPS IN A CONTROL PROCESS**

Control is checking current performance against predetermined standards contained in the plans, with the view to ensuring adequate progress and satisfactory performance.

Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary applying corrective measures so that the performance takes place according to plans.

1. Establishment of standards
2. Measuring and comparing actual performance with standards
3. Taking corrective action

## Unit - 3

### Entrepreneur

An entrepreneur can be defined as a person who tries to create something new, organizes production and undertakes risks and handles economic uncertainty involved in enterprise.

### FUNCTIONS OF AN ENTREPRENEUR

### IRL MOD PC

- Innovation
- Risk bearing
- Leading
- Management
- Organizing
- Decision making
- Planning
- Controlling

### TYPES

#### (a) According to the type of business

- Business entrepreneur
- Trading entrepreneur
- Industrial entrepreneur
- Corporate entrepreneur
- Agricultural entrepreneur
- Retail entrepreneur
- Service entrepreneur etc.

#### (b) According to the use of technology

- Technical entrepreneur or non technical entrepreneur
- Professional entrepreneur
- Low tech or high tech entrepreneurs.

#### (c) According to motivation

- Pure entrepreneur
- Induced entrepreneur
- Motivated entrepreneur
- Spontaneous entrepreneur

#### (d) According to the growth

- Growth entrepreneur
- Super growth entrepreneur

Motivation - **SIMP**



## CHARACTERISTICS OF ENTREPRENEUR

ISRO DM

- Innovation
- Risk taking
- Skillful management
- Organisation
- Decision making
- Making the enterprise success

## Stages of the evolution of Entrepreneurship

HPAHP

The evolutionary process of entrepreneurship activities may be divided into the following broad stages:

### 1. Hunting Stage:

- a. The primary stage of the evolution of the economic life of man was hunting stage.
- b. Wants were limited and very few in numbers.
- c. The family members themselves satisfied problems of food, clothing and shelter. Producers were the consumers also.
- d. Robinson Crusoe, living in the deserted island, satisfying his own requirements had no knowledge of business. People in some parts of Africa and India still lead this type of life. In this stage problems of production and distribution were not complex since wants were simple and limited.

2. **Pastoral Stage:** With the progress of mankind, gradually mental understanding developed and people started realizing that instead of killing animals, they should breed and rear them. Thus cattle breeding encouraged the use of milk, and they had to think in terms of grazing areas for their cattle. The surplus milk, meat and other related products were spared of exchange. This stage can be termed as the first stage of economic development and the beginning of commerce.

3. **Agricultural Stage:** In search of grazing areas, they further realized that they should grow plants as food for animals. They started testing some grain products and slowly developed a taste in plants and the land was used for cultivation. Groups of persons started living together on their agricultural fields, which were subsequently converted into small villages with their farms. Free exchange of goods was started and the activities were also divided to the extent of division of labor at the village level to complement the needs of each other. Initially each village was self sufficient, but later they began small trading activities on barter basis.

**4. Handicraft Stage:** In the agricultural stage, people started learning the use of cloth made of cotton products, and they developed the segments of the workers for different activities. Cottage scale setup was developed at the village level to nearby villages, and in exchange they brought requirements either to consume themselves or for their village friends. Since the demand for gold coins, silver coins, skin etc increased the activities of cobblers, gold smiths, and blacksmiths, laborers also rapidly increased, and caste system was also formed on the basis of activities they did. Every body selected their job according to their own choice and taste.

**5. Present Industrial Stage:** The use of mechanical devices and the commonly acceptable form of monetary system accelerated the growth of entrepreneurship activities. The progress of science and the increase in the means of transportation and communication enabled to travel widely and the markets were developed in the country and abroad.

#### **BARRIERS TO ENTREPRENEURSHIP**

#### **LLONG URGE**

- (i) Lack of capital.
- (ii) Lack of technical knowledge.
- (iii) Economic business cycles.
- (iv) Non availability of raw materials and resources.
- (v) Government regulations.
- (vi) Obsolescence of technology or idea.
- (vii) Unstable and unpredictable markets.
- (viii) Globalisation and entry of foreign goods.
- (ix) Risk.

## STAGES IN THE ENTREPRENEURIAL PROCESS

An Entrepreneur is an individual who has the capacity & willingness to develop, organize & manage a business venture.

The stages of the Entrepreneurial Process are:

- **Identification of Opportunity:** Before starting any enterprise, individuals should search for good opportunities or any ideas. The idea can be their own or by friends, relatives, etc. Consumers are the best source of ideas for new ventures.
- **Evaluation of Opportunity:** After identifying the opportunity, the individual has to evaluate or assess the idea or opportunity in terms of its length, span, profit, generation, expenditure, etc.  
SWOT (Strength Weakness Opportunity & Threat) analysis is one of the important tools for evaluation.
- **Development of Business Plan:** After evaluation of opportunity and selecting the specific idea, individuals should start business planning which includes the future of the project, staffing, technical & financial plan, etc.
- **Determination & Organizing of Resources:** This process starts with an assessment of present resources. Individuals should list out raw materials required for the production of goods, machines, measurement instruments, etc.
- **Management of the Enterprise:** After establishing an organization, the individual should look for the smooth run of the organization which needs management functions like planning, staffing, directing, and control. The management should be able to manage the operational problems of a growing enterprise.

## Explain the following creative problem solving methods

### 1. Heuristics

### 2. Brainstorming

### 3. Synectics

- **Heuristics:** are problem solving strategies that use rules of thumb or shortcuts to help find solutions quickly. These are based on past experiences and are commonly used in everyday decision making and problem solving.
- **Brainstorming** is a group problem-solving technique that encourages the free flow of ideas and encourages participants to think creatively. It is used to generate a large number of ideas and solutions in a short period of time.

- **Synectics** is a creative problem-solving method that uses analogies and metaphors to help people think differently about a problem. It encourages people to look at a problem from a new perspective and to find solutions that might not be immediately obvious. It combines the techniques of brainstorming and lateral thinking to generate creative ideas and solutions.

#### **STEPS IN THE CREATIVE PROCESS     PIIIV**

- **Opportunity or Problem Recognition:** A person discovers that a new opportunity exists or a problem needs resolution.
- **Immersion:** The individual concentrates on the problem and becomes immersed in it. He or she will recall and collect information that seems relevant, dreaming up alternatives without refining or evaluating them.
- **Incubation:** The person keeps the assembled information in mind for a while. He or she does not appear to be working on the problem actively; however, the subconscious mind is still engaged. While the information is simmering it is being arranged into meaningful new patterns.
- **Insight:** The problem-conquering solution flashes into the person's mind at an unexpected time, such as on the verge of sleep, during a shower, or while running.
- **Verification and Application:** The individual sets out to prove that the creative solution has merit. Verification procedures include gathering supporting evidence, using logical persuasion, and experimenting with new ideas.

## 2. Define creativity and innovation, list & explain the sources of new ideas for entrepreneurs

- **Creativity** It is the phenomenon of the creation of something new & valuable.
  - **Innovation** is the implementation of new ideas at an individual, group, or organizational level.
- 

- The sources of new ideas for Entrepreneurs are:
  - **Past Experience:** When an individual works in a company for a few years, they get important work experience and industry standards knowledge and can identify where changes can be brought.
  - **Consumers:** The consumers are the best idea providers as they are actual users or end-users. They give ideas or feedbacks in terms of materials & processes to be used to develop a product.
  - **Technical Consultants:** Technical consultants through the internet or web provide good information about the availability of technology, & other facilities required for business.
  - **Friends, Family, Colleagues:** Consulting friends and family can be a great idea to look for business ideas, as some of them might even have also thought of starting a business.
  - **R&D Units:** There are many R&D organizations developing new technologies & providing them commercially through regional research labs.
  - Ideas may also be obtained through business publications magazines. Publications provide current trends in the industry, best practices, legal issues, etc.

## **Significance of IPR**

IPR stands for Intellectual Property Rights. Its significance is as follows:

- It creates and supports high-paying jobs.
- It drives economic growth and competitiveness.
- It protects consumers and families by educating them about the safety, reliability, and effectiveness of the purchases.
- It provides solutions to global challenges such as pharmacy, agriculture, etc.
- It encourages innovation and rewards entrepreneurs.

# Unit - 4

## **Discuss the points which stresses the needs of MSMEs in developing countries like India/Role of MSME**

1. The MSME sector contributes nearly 45% of the manufacturing output and 40% of the exports.
2. MSME sector provides the largest share of employment after agriculture and this sector has a better record of Employment generation per rupee investment as compared to large industries.
3. MSMEs generate immediate and large scale employment opportunities with relatively low investment.
4. MSME eradicates the unemployment problem from the country.
5. Economic Independence can be achieved only by the growth of the small sector.
6. MSME encourages dispersal of industries to all over the country covering small towns, villages and economically lagging regions.
7. MSME promotes balanced regional development in the whole country.
8. MSME ensures more equitable distribution of national income.
9. MSME encourages effective mobilisation of countries' untapped resources.
10. MSMEs bring backward areas into the mainstream of national development.
11. MSME improves the level of living of people in the country. **BI RDM**

## **Explain the features of the business environment in India.**

**C PULLL FIGET**

- Coexistence of public and private sector
- Low income level
- Poor rate of capital formation
- Low level of Technology
- Under utilisation of capacity
- Lack of diversification
- Financial market
- Industrial dispute of slow pace of labour reforms
- Government interference
- Extent of market
- Transportation bottleneck

### **Define the terms L P G and their impact on MSME**

**Liberalisation:** Has made Import of scarce and non available raw materials easy. This has led many new openings .New entrepreneurs have started many SSI's which otherwise was not possible due to non availability of certain raw materials of resources. liberalisation helped getting them from abroad and use them. The best example for effective liberalisation is Electronic and computer industries that have seen tremendous growth in past two decades.

**Privatisation** also helped the growth of SSI's in a big way. earlier certain products or services were produced only by government organisation and no competition existed. With privatisation it threw open to many challenging entrepreneurs to produce similar goods and service at much competitive price and of better quality. One example of privatisation was production of telephone. Bangalore based Indian Telephone Industries was producing the telephone. With the privatisation many players had entered the arena producing better good looking phones with additional facilities. The Other important development due to privatisation is the Life Insurance sector which was earlier monopolised by LIC now there are many private Agencies offering Life Insurance.

**Globalisation:** has helped in setting up many small scale industries. It made possible the export of goods produced in SSI. Industries and service providers are going Global from India. Indian entrepreneurs in the Pharma sector, IT sector, Steel sector have gone to many countries to start new Ventures. Indian entrepreneurs have used globalisation for the growth of service sectors. Accordingly, investments and quality levels in service sectors have increased. The spectacular growth is observed in the business process outsourcing BPO, transport, repair services, entertainment and hospitality sectors. There has been a big growth of entrepreneur activities in rural India in the areas like food processing, ready to eat, packed food export of food products like fish, meat prawns etc due to LPG.

### **Explain how NSIC & SIDO promote MSME units throughout the country.**

#### **NSIC**

The National Small Industries Corporation (NSIC), an enterprise under the union ministry of industries was set up in 1955 in New Delhi to promote aid and facilitate the growth of small scale industries in the country. NSIC offers a package of assistance for the benefit of small-scale enterprises. **SIR MPM**

1. **Single point registration:** Registration under this scheme for participating in government and public sector undertaking tenders.
2. **Information service:** NSIC continuously gets updated with the latest specific information on business leads, technology and policy issues.



3. **Raw material assistance:** NSIC fulfils raw material requirements of small-scale industries and provides raw material on convenient and flexible terms.
4. **Meeting credit needs of SSI:** NSIC facilitate sanctions of term loan and working capital credit limit of small enterprise from banks.
5. **Performance and credit rating:** NSIC gives credit rating by international agencies subsidized for small enterprises up to 75% to get better credit terms from banks and export orders from foreign buyers.
6. **Marketing assistance programme:** NSIC participates in government tenders on behalf of small enterprises to procure orders for them.

### **SIDO(Small Industries Development Org.)**

SIDO is created for development of various small scale units in different areas. SIDO is a subordinate office of department of SSI and ARI. It is a nodal agency for identifying the needs of SSI units coordinating and monitoring the policies and programmes for promotion of the small industries.

The activities of SIDO are divided into three categories as follows:

#### **1) Coordination activities of SIDO:**

- a) To coordinate various programmes and policies of various state governments pertaining to small industries.
- b) To maintain relation with central industry ministry, planning commission, state level industries ministry and financial institutions.
- c) Implement and coordinate in the development of industrial estates.

#### **2) Industrial development activities of SIDO:**

- a) Develop import substitutions for components and products based on the data available for various volume-wise and value-wise imports.
- b) To give essential support and guidance for the development of ancillary units.
- c) To provide guidance to SSI units in terms of costing market competition and to encourage them to participate in the government stores and purchase tenders.
- d) To recommend the central government for reserving certain items to produce at SSI level only.

#### **3) Management activities of SIDO:**

- a) To provide training, development and consultancy services to SSI to develop their competitive strength.
- b) To provide marketing assistance to various SSI units.
- c) To assist SSI units in selection of plant and machinery, location, layout design and appropriate process.
- d) To help them get updated in various information related to the small-scale industries activities.

## **KSSIDC**

### **Karnataka State small industries Development Corporation**

- It is the industrial and investment promotion agency of the Government of Karnataka. The growth of small scale industries in the country since Independence is rightly regarded as one of the most significant features of planned economic development.
- the corporation's principal objective is to promote and develop small industries in the state.
- construction and utilisation of infrastructure especially in backward areas procurement and marketing of raw materials ,technical support and assistance are means to reach the goal.
- a concern for results, emphasis on quality and timely work and willingness to understand for the problems of the entrepreneur are the main things that KSSIDC strives for.

### **KSFC(Karnataka state financial corporation)**

KSFC is one of the Fastrack term lending Financial Institutions in the country with assistance to over 1,71,141 units amounting to nearly Rs.15,276 crores over the last 58 years in the state of Karnataka. KSFC is one of the robust and professionally managed state financial corporations. KSFC is an ISO 9001-2000 certified.

KSFC give preference to the projects which are

- 1) Promoted by technician entrepreneur.
- 2) In the small-scale sector.
- 3) Located in growth centers and developing areas of the state;
- 4) Promoted by entrepreneurs belonging to scheduled castes and scheduled tribes, backward classes and other weaker sections of society.
- 5) Characterized by high employment potential.
- 6) Capable of utilizing local resources; and
- 7) In tune with the declared national priorities.

## **KIADB**

The Karnataka industrial areas development board is statutory board constituted under the Karnataka industrial area development act of 1996. Since then it is in the business of apportioning land for industries and gearing up facilities to carryout operations. The KIADB now acquires and provides developed land suited for industrialization, by drawing up well laid-out plots of varying sizes to suit different industries with requisite infrastructure facilities. The facilities include roads, drainage, water supply etc. The amenities such as banks, post offices, fire stations, police outposts, ESI dispensaries etc

are also provided. It also plans to initiate the provision of common effluent treatment plants wherever necessary.

KIADB has acquired a land of 39,297 acres out of which 21,987 acres had been developed till March 1996. Developed industrial plots had been allotted to 7882 units. Application forms for the allotment of land may be obtained from the executive member, KIADB Bangalore or general manager DIC of concerned district or from the Zonal office of KIADB located at Mysore, Mangalore, Dharwad, Gulbarga, Bidar, Hassan and Belgaum.

Applications duly filled must be accompanied by:

- (a) A brief project report.
- (b) Details of constitution of the company
- (c) Provisional registration certificate
- (d) EMD of Rs 500/- per acre, subject to a maximum of Rs 10,000/- along with 20%, 15% and 5% of the land cost for various districts.

On receipt of applications for all districts other than Bangalore, a discussion with the promoters regarding the project will be held in the concerned district headquarters. The district level allotment committee will take a decision on allotment of land to the SSI units.

In case of Bangalore, the screening committee comprising of executive member KIADB, director of SSI, chief advisor TECSOK will discuss the project and make necessary recommendation to a sub-committee. The sub-committee will in turn allot the land. Once land is allotted the remaining payment should be made within six months of the date of issue of allotment letter.

## TECSOK

TECSOK (Technical Consultancy Services Organization of Karnataka) is an organisation that provides technical consultancy services to small and medium-sized enterprises (SMEs) and micro, small and medium-sized enterprises (MSMEs) in the state of Karnataka, India. Some key points about TECSOK include:

- TECSOK is an initiative of the Government of Karnataka to promote entrepreneurship and industrial development in the state.
- TECSOK provides technical consultancy services to SMEs and MSMEs in various sectors such as food processing, engineering, textiles, leather, and chemicals.
- Services offered by TECSOK include project formulation, preparation of project reports, market research, technology transfer, and quality control.
- TECSOK aims to help SMEs and MSMEs improve their competitiveness and productivity through technical consultancy services.
- TECSOK provides services through a network of experienced consultants, who have expertise in various sectors and technologies.

- TECSOK also provides training programs and workshops to help SMEs and MSMEs improve their skills and knowledge.
- TECSOK works with various government agencies and organizations to provide its services to SMEs and MSMEs in the state.
- TECSOK helps in diversifying the economy by promoting the development of new products and services.
- TECSOK also helps in providing access to finance and other resources to help SMEs and MSMEs grow and thrive.