

UNIT II: ENTREPRENEURIAL JOURNEY AND INSTITUTIONAL SUPPORT

Entrepreneurial Journey: Entrepreneurial mindset, Creativity and Innovation, recognizing opportunities and generating ideas, Feasibility analysis

An entrepreneurial mindset is characterized by a proactive, solution-oriented approach to challenges, embracing innovation, and a willingness to take calculated risks. It involves a combination of traits like resilience, adaptability, and a strong belief in one's ability to learn and grow.

Key characteristics of an entrepreneurial mindset:

- **Proactivity:** Taking initiative, identifying opportunities, and not waiting for things to happen.
- **Resilience:** Persisting through challenges and setbacks, viewing failures as learning opportunities.
- **Adaptability:** Adjusting to changing circumstances and being flexible in one's approach.
- **Innovation and Creativity:** Coming up with new ideas and solutions, thinking outside the box.
- **Risk Tolerance:** Willingness to take calculated risks and step outside of one's comfort zone.
- **Vision:** Having a clear sense of direction and long-term goals.
- **Problem:** Solving: Effectively identifying and resolving challenges.
- **Networking:** Building and leveraging connections for support and opportunities.
- **Self-Motivation:** Being driven and independent in pursuing goals.
- **Openness to Feedback:** Seeking and incorporating feedback for improvement.

Cultivating an entrepreneurial mindset:

- **Embrace a growth mindset:** Believe that abilities can be developed through dedication and hard work.
- **Seek out challenges:** View challenges as opportunities for growth and learning.
- **Develop problem-solving skills:** Practice identifying problems and generating creative solutions.
- **Network and connect with others:** Build relationships with like-minded individuals for support and inspiration.
- **Seek out learning opportunities:** Continuously seek knowledge and skills development.
- **Reflect on experiences:** Analyze successes and failures to learn and improve.
- **Practice self-reflection:** Understand your strengths, weaknesses, and areas for development.

An entrepreneurial mindset is not just for starting businesses. It's a valuable skill set applicable to various aspects of life, enhancing adaptability, problem-solving, and overall success in a dynamic world.

An entrepreneurial mindset is a unique set of mental attitudes, behaviors, and skills that drive individuals to identify opportunities, take initiative, and innovate. This mindset manifests through qualities such as resilience, resourcefulness, and a penchant for problem-solving and thriving, especially in adverse circumstances. This mindset is not limited to starting a business; it can be applied in various contexts, including within established organizations, non-profits, or personal projects.

Key Elements of an Entrepreneurial Mindset

- **Opportunity Recognition:** The ability to notice and seek out new opportunities and possibilities that others might overlook.
- **Proactivity:** Taking action without waiting for instructions or perfect conditions, showing a willingness to get started and make things happen.
- **Innovation and Creativity:** The capacity to generate original ideas and solutions by thinking outside the box.
- **Resilience and Adaptability:** The determination to keep going despite obstacles, setbacks, and failures and ability to adapt to changing circumstances and pivot strategies when necessary.
- **Risk Tolerance:** Willingness to take risks after evaluating potential outcomes and benefits.
- **Vision and Goal Orientation:** Having a clear, long-term vision and sense of purpose that guides actions and decisions and Setting specific, measurable, achievable, relevant, and time-bound (SMART) goals.

Characteristics of Entrepreneurial Mindset

An entrepreneurial mindset is a unique set of mental attitudes, behaviors, and skills that drive individuals to identify opportunities, take initiative, and innovate. Here are the key characteristics of an entrepreneurial mindset:

1. Proactivity

- **Taking Initiative:** Entrepreneurs do not wait for opportunities to come to them; they actively seek out and create opportunities.
- **Forward-thinking:** They anticipate future trends and prepare for them in advance.

Resilience

- **Persistence:** Entrepreneurs persevere through challenges and setbacks, viewing failures as learning opportunities rather than endpoints.
- **Adaptability:** They quickly adapt to changing circumstances and pivot strategies when necessary.

3. Innovation and Creativity

- **Creativity:** Entrepreneurs think outside the box and generate novel ideas.
- **Problem-Solving:** They enjoy tackling problems and finding innovative solutions.

Risk Tolerance

- **Calculated Risk-Taking:** Entrepreneurs are willing to take risks, but they do so based on thorough research and assessment of potential outcomes.
- **Courage:** They have the courage to pursue their vision despite uncertainty and potential failure.

Vision and Goal Orientation



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- **Vision:** Entrepreneurs have a clear vision of what they want to achieve and are driven by a strong sense of purpose.

- **Goal-Setting:** They set specific, measurable, achievable, relevant, and time-bound (SMART) goals to guide their efforts.

How to Develop an Entrepreneurial Mindset?

- 1. Develop Resilience, Tenacity, and Motivation:** Embarking on the journey to foster an entrepreneurial mindset starts with developing the foundational qualities of resilience, tenacity, and motivation. These attributes serve as the bedrock, enabling individuals to rebound from setbacks, maintain unwavering determination in pursuit of goals, and sustain motivation in the face of challenges. By cultivating these fundamental qualities, individuals lay the groundwork for a mindset that not only withstands adversity but thrives on it.
- 2. Adopt a Positive Attitude:** The cornerstone of a successful entrepreneurial mindset lies in adopting a positive attitude and harnessing the power of positive thinking. By maintaining optimism and a can do mentality, individuals fortify themselves to navigate obstacles and setbacks effectively. This positive orientation becomes a catalyst for success, fostering resilience and shaping a mindset that views challenges not as insurmountable obstacles but as opportunities for growth and learning.
- 3. Embrace Challenges:** At the heart of developing an entrepreneurial mindset is the willingness to embrace challenges as opportunities for growth and learning. Challenges, when approached with the right mindset, become platforms for innovation and creativity. This perspective shift is crucial for personal and professional development, encouraging individuals to view challenges not as roadblocks but as stepping stones to unlock their potential and drive transformative change.
- 4. Cultivate Key Characteristics:** Nurturing an entrepreneurial mindset involves the focused cultivation of key characteristics that define successful entrepreneurs. Traits such as risk-taking, goal orientation, creative problem-solving, perseverance, resilience, and customer-centricity are essential for thinking and acting like an entrepreneur across diverse situations. Developing these traits lays the groundwork for a mindset that thrives in dynamic environments and paves the way for innovative thinking and strategic decision-making.
- 5. Be Creative, Communicative, and Open to Risk:** The multifaceted nature of the entrepreneurial mindset necessitates individuals to be creative, communicative, highly motivated to succeed, open to risk-taking, and accepting of failure. This triad of characteristics forms the essence of entrepreneurial thinking, enabling individuals to innovate, communicate effectively, take calculated risks, and learn from setbacks. Cultivating this comprehensive set of attributes empowers individuals to navigate the complexities of the entrepreneurial journey with agility and resilience.

Strategies to Develop Entrepreneurial Mindset

- 1. Customer-First Approach:** Prioritizing a customer-centric approach is paramount to developing an entrepreneurial mindset. Understanding the needs and preferences of customers is crucial for developing products or services that resonate with them. By placing the customer at the forefront of endeavors, individuals can create meaningful solutions that contribute to customer satisfaction and business success.
- 2. Network and Collaborate:** Building a strong network of like-minded individuals and collaborators is instrumental for entrepreneurial success. Networking provides valuable support, guidance, and opportunities. Establishing connections opens doors to new possibilities and partnerships, enriching the entrepreneurial journey with diverse perspectives and resources.
- 3. Set Clear Goals:** Defining clear goals and objectives is essential for guiding the entrepreneurial

journey. Setting specific targets helps individuals stay focused, motivated, and aligned with their vision for success. Clear goals provide a roadmap for navigating challenges and making strategic decisions in pursuit of entrepreneurial aspirations.

4. Take Calculated Risks: Embracing calculated risks is integral to the decision-making process in an entrepreneurial mindset. Carefully assessing risks, weighing potential outcomes, and stepping out of one's comfort zone are essential components of seizing opportunities for growth and innovation. By fostering a willingness to take calculated risks, individuals position themselves for transformative and impactful entrepreneurial endeavors.

Role of Entrepreneurial Mindset

1. Initiative and Adaptability: The entrepreneurial mindset empowers individuals to proactively take initiative, demonstrating a capacity to adapt seamlessly to changing circumstances. It goes beyond merely embracing change; it encourages a proactive approach to seeking out opportunities within dynamic environments.

2. Opportunity Identification: At its core, an entrepreneurial mindset is a catalyst for opportunity identification. Individuals possessing this mindset showcase a heightened awareness to recognize and capitalize on opportunities that may not be immediately apparent.

3. Characteristics Cultivation: Cultivating an entrepreneurial mindset involves the intentional development of specific characteristics. This includes fostering creativity to envision innovative solutions, honing communication skills to effectively convey ideas, maintaining a high level of motivation to drive success, embracing risk as an inherent part of growth, and understanding that failure is a stepping stone toward eventual success.

4. Promotes Growth and Resilience: Entrepreneurial thinking catalyzes holistic growth, both personally and professionally. This mindset instills a perpetual hunger for knowledge and continuous learning, creating a resilient outlook that perceives challenges as opportunities for development. It encourages individuals to embrace setbacks as valuable learning experiences, contributing to their overall growth and adaptability in the face of evolving circumstances.

5. Drive for Success: The entrepreneurial mindset is synonymous with a relentless drive for success. It shapes a frame of mind that not only thinks innovatively but also adapts to change with enthusiasm. This mindset instills a proactive approach, encouraging individuals to seize opportunities for growth and development. It fosters a culture of continuous improvement, where success is not just an endpoint but an ongoing journey marked by adaptability, innovation, and a commitment to excellence.

Benefits of Entrepreneurial Mindset

1. Fosters Resilience: Nurturing an entrepreneurial mindset catalyzes resilience, equipping individuals with the ability to swiftly recover from setbacks. This mindset instills a tenacity that empowers them to challenges head-on, turning obstacles into opportunities for growth. It enables individuals to view challenges as learning experiences, promoting a mindset of continuous improvement.



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2. Enhances Problem-Solving Skills: At its core, the entrepreneurial mindset promotes a proactive approach to problem-solving. By encouraging individuals to think creatively and innovatively, substantially improves their capacity to find effective solutions to challenges, fostering a mindset that thrives on turning problems into opportunities. This mindset not only addresses immediate issues but also encourages the anticipation of future challenges, enhancing proactive problem-solving skills.

3. Encourages Growth Mindset: An entrepreneurial mindset goes hand in hand with cultivating a growth mindset, emphasizing continuous learning and development. This mindset shift is instrumental in fostering adaptability and an eagerness to embrace new challenges, contributing to personal and

professional growth. It encourages individuals to perceive setbacks as stepping stones to growth, promoting a mindset of resilience and lifelong learning.

4. Drives Positive Changes: Entrepreneurial thinking has the power to drive positive changes on both organizational and societal levels. By leveraging skills effectively, individuals with an entrepreneurial mindset become agents of change, bringing about innovative solutions and impactful transformations. This mindset not only identifies opportunities for positive change but also actively seeks to implement and lead initiatives that contribute to a better future.

5. Identifying Opportunities: One of the notable attributes of an entrepreneurial mindset is its knack for recognizing opportunities amid challenges. Those with this mindset develop a heightened awareness, enabling them to identify and capitalize on opportunities that others might overlook. This heightened awareness extends beyond immediate opportunities, fostering a strategic foresight that anticipates emerging trends and possibilities.

6. Overcoming Setbacks: In the unpredictable landscape of entrepreneurship, setbacks are inevitable. An entrepreneurial mindset, however, equips individuals with the skills not just to overcome setbacks but to learn from failures, adapting and evolving in the face of adversity. This mindset encourages a reflective approach, turning setbacks into opportunities for introspection and improvement.

7. Promotes Personal Growth: The cultivation of an entrepreneurial mindset becomes a catalyst for personal growth. By fostering a hunger for knowledge and continuous learning, individuals imbued with this mindset are more likely to seek out opportunities for self-improvement and skill enhancement. It propels individuals beyond their comfort zones, facilitating a journey of personal development and self-discovery.

8. Teaches Resilience: Beyond fostering resilience, the entrepreneurial mindset serves as an instructor, teaching individuals the importance of perseverance in the face of challenges. This practical experience contributes to the development of a resilient outlook that extends beyond specific situations. It instills the belief that resilience is not only a response to adversity but a fundamental trait that shapes one's approach to life and work.

9. Skills Development: An entrepreneurial mindset acts as a driving force for skills development. Individuals embracing this mindset are naturally inclined to cultivate a diverse set of skills essential for success in various endeavors, creating a versatile skill set that enhances their capabilities. It emphasizes not only the acquisition of skills but also their practical application, fostering a mindset that values skill development as a continuous and dynamic process.

Examples of Entrepreneurial Mindset



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1. J.K. Rowling: J.K. Rowling's journey embodies the entrepreneurial mindset, where opportunities are identified, creativity is harnessed, and setbacks become stepping stones to success. Struggling as a single mother, Rowling showcased her creativity by penning the first Harry Potter book. Undeterred by rejections, she tenaciously refined her writing until the breakthrough success of the Harry Potter series. Rowling's resilience in the face of challenges is a testament to the power of an entrepreneurial mindset in transforming adversity into triumph.

2. Oprah Winfrey: Oprah Winfrey's evolution from a talk show host to the helm of a media empire underscores the impact of an entrepreneurial mindset. Her journey is marked by resilience, continuous learning, and innovative thinking. Winfrey seized opportunities, notably with the creation of her television network, OWN, and consistently expanded her influence. Her unique voice and unwavering commitment to personal and professional growth exemplify the transformative power of an entrepreneurial mindset in building an influential and globally resonant brand.

3. Steve Jobs: Steve Jobs, as the co-founder of Apple, epitomized the entrepreneurial mindset through

proactive initiative, adaptability, and innovative problem-solving. In the face of financial challenges in the early 1990s, Jobs took charge by restructuring Apple and focusing on groundbreaking products like the iMac and iTunes. His ability to think beyond conventional boundaries, take calculated risks, and adapt to dynamic market conditions showcases the essence of an entrepreneurial mindset. Jobs' legacy serves as a testament to the transformative impact of entrepreneurial thinking on reshaping industries and driving innovation.

Challenges in Developing an Entrepreneurial Mindset

1. Overcoming the Fear of Failure: One of the primary hurdles to fostering an entrepreneurial mindset is surmounting the fear of failure. Many individuals shy away from taking risks and initiating their ventures due to concerns about potential negative consequences. Overcoming this fear requires a shift in perspective, recognizing failures as valuable learning experiences that contribute to personal and professional growth.

2. Cultivating Self-Confidence: Entrepreneurs must possess unwavering self-confidence in their abilities to navigate the uncertainties of the business world. A lack of self-confidence can impede decision-making processes and create obstacles to pursuing new opportunities. Cultivating self-confidence involves recognizing strengths, acknowledging achievements, and embracing challenges as opportunities for skill development.

3. Embracing Change: Entrepreneurship is synonymous with change, innovation, and continuous learning. Those resistant to change may find it challenging to adapt to new situations and acquire the necessary skills for success. Embracing change involves fostering a mindset that welcomes innovation, values adaptability, and views challenges as catalysts for growth.

4. Managing Uncertainty: The inherent uncertainty of entrepreneurship makes decision-making challenging without knowing the outcome. Developing a tolerance for uncertainty is crucial, requiring the ability to make informed decisions despite limited information. Entrepreneurial individuals must hone skills in risk assessment, strategic planning, and adapting to unforeseen circumstances.

5. Financial Stability Concerns: Commencing a new venture often involves financial risks, and the apprehension of financial instability can hinder the development of an entrepreneurial mindset. Mitigating these concerns involves careful financial planning, risk assessment, and a strategic approach to resource allocation. Developing financial literacy is integral to navigating the entrepreneurial landscape with confidence.



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6. Building a Supportive Ecosystem: Entrepreneurs thrive in supportive environments with access to resources like funding, mentorship, and networking opportunities. The absence of such support can hinder the development of necessary skills and knowledge for success. Building a robust support network involves seeking mentorship, engaging in networking activities, and accessing resources that foster entrepreneurial growth.

7. Balancing Work and Life: Entrepreneurs often grapple with long working hours and challenges in maintaining a healthy work-life balance. Managing personal well-being and relationships while pursuing a new venture requires intentional efforts to prioritize self-care, set boundaries, and cultivate resilience amidst the demands of entrepreneurship.

8. Resilience to Criticism and Rejection: Entrepreneurs frequently encounter criticism, rejection, and skepticism from others. Developing resilience and the ability to persevere despite criticism is crucial for success. Fortifying mental strength involves reframing criticism as constructive feedback, learning from setbacks, and maintaining a steadfast focus on long-term goals.

9. Sustaining Motivation and Perseverance: The entrepreneurial journey is a protracted and challenging endeavor. Sustaining motivation, focus, and perseverance is vital, especially during setbacks and obstacles. Entrepreneurs must cultivate a resilient mindset, set achievable milestones, and

celebrate small victories to stay motivated on the path to long-term success.

10. Fostering Creative and Innovative Thinking: Entrepreneurship demands creative problem solving and innovative thinking. Developing these skills can be challenging, particularly for individuals with traditional educational or professional backgrounds. Fostering creative thinking involves embracing curiosity, experimenting with diverse perspectives, and fostering an environment that encourages unconventional ideas and solutions.

A feasibility analysis in entrepreneurship is a crucial process that evaluates the practicality of a proposed business idea before significant resources are invested. It helps determine if an idea is viable by examining various aspects like market demand, financial requirements, and operational capabilities. By assessing these factors, entrepreneurs can make informed decisions about whether to proceed with a business venture, refine their concept, or abandon it altogether.

Here's a breakdown of the key components and benefits:

What it is:

- **Preliminary evaluation:**

Feasibility analysis is a pre-launch assessment that determines if a business idea is likely to succeed. • **Workability:**

It answers the question of whether an idea is practically feasible, meaning whether it can be implemented and sustained.

- **Risk mitigation:**

It helps identify potential risks and challenges early on, allowing entrepreneurs to develop strategies to address them.

K_{EV} areas of assessment:

- **Market feasibility:**



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Analyzes the market size, target audience, competition, and potential for product/service adoption.

- **Financial feasibility:**

Evaluates the startup costs, funding sources, projected revenue, and profitability.

- **Technical feasibility:**

Examines the availability of necessary technology, skills, and resources to produce the product or service.

- **Organizational feasibility:**

Assesses the organizational structure, management team, and operational capabilities needed to run the business.

- **Legal feasibility:**

Evaluates the legal requirements, permits, and regulations relevant to the business. Benefits of conducting a feasibility analysis:

- **Informed decision-making:**

Provides entrepreneurs with a clear picture of the business's viability before committing significant

resources.

• Risk reduction:

Helps identify potential problems and challenges early on, allowing for proactive risk management. • **Resource allocation:**

Provides insights into the resources needed, including funding, personnel, and technology.

• Improved planning:

Feasibility studies can be the foundation for a more detailed business plan.

• Increased investor confidence:

A well-conducted feasibility study can attract potential investors by demonstrating the business's potential for success.

In essence, a feasibility analysis is a crucial step in the entrepreneurial process that helps entrepreneurs make informed decisions, minimize risks, and increase the likelihood of success.

Business ventures have some common factors amongst themselves. But they need to have some unique selling proposition (USP) to survive. It is for arming the business with a USP that the organizations

1 to innovate. Innovation helps a business house to survive when the winds of change hit the market, in



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fact innovation fuels in the winds of change. Innovation is not just creation of new ideas/ thoughts but it is also about translating them into products/ services. Hence Innovation can be defined as the successful exploitation of new ideas – incorporating new technology, design & best practice is the key business process that enables the businesses to compete effectively. Innovation is something more than idea generation it is because idea has little significance till it is converted into some useful product/ services. Innovation is the process of conceptualizing an idea and then transforming that idea into a product/ service. Usually innovations are being made with a desire to overcome a need or a problem. Innovation can be at the spark of light and can also take generation of experimentations. Innovation usually make the life more comfortable for a common man – but back operation in transforming ideas into products/ services at times even take lifetime of many. The characteristics of Innovations are

1. Innovations are the harbingers of change
2. Innovations can take place at the spark of light or can take generation of experiments
3. Innovations can be both revolutionary as well as extension to the existing products/ services.
4. Innovations provide a USP to a business.
5. Innovations are action oriented i.e. active and searching new ideas.
6. Innovations help in making the product, service or process simple

and understandable.

7. Innovations help in making the product, service or process customer based.

8. Innovation is all about trying, testing and revising.

Creativity

“Being different for the sake of being different may attract attention but that is not sufficient value. True creativity must deliver real value.” Edward de Bono

Creativity can be defined as the process of developing an original product, service or idea that makes a socially recognized contribution. Moreover, novel combination of old ideas can also be considered as creativity. Hence Creativity is the ability to bring something new into existence from either an existing or new idea. A creative person conceives an idea, which is new. It is immaterial whether he takes any action. Hence the emphasis is on the ability and not the activity of bringing anything new. Entrepreneurs need new ideas for setting up / running new business ventures. An entrepreneur who is creative and brings her / his ideas into reality turns out to be successful in business. Creativity has also become important in the present highly competitive market where the business needs to differentiate itself from others to survive.

The next question that comes to mind is – Are creative persons born or made? Some of the psychologists were of the view creativity as a function of the brain's right hemisphere and creative persons are born and not made. But various scientific researchers have proven that human brain can be conditioned under



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stimulating environment to become creative. It is for these reasons that organizations & consultancies organize training sessions on creativity.

Sources of Innovative & Creative Ideas

The Various Sources of idea generation are:

- Present & potential Consumers
- Existing Companies
- Raw material Providers
- Distributors & Retailers
- Research & Development
- Existing Employees

There is a great misunderstanding of considering innovation/ creativity as synonymous to invention. But this is not true; innovation is in fact utilization of the inventions that lead to increase in the overall growth & profitability of the organization. Apart from misunderstanding innovation to invention there are many more myths in relation to innovation; they have been discussed below along with reasons as to why these are myths and not facts:

MYTH 1: Innovation is planned and predictable: This myth is based on the old concept that innovation should be left to the research and development department under a planned format. In truth, innovation is unpredictable and may be introduced by anyone.

MYTH 2: Technical specifications should be thoroughly prepared: this is a myth, as thorough preparation often takes too long. Quite often it is more important to use a try/test/revise approach than spend time in preparation and planning.

MYTH 3: Creativity relies on dreams and ideas: Even this is not true, the fact is that accomplished

innovators are very practical people; they create (and not dream) useful products from the innovations they make.

MYTH 4: Technology is the only driving force of innovation and success: This again is a myth. Technology is certainly one of the sources for innovation, but it is not the only one. Moreover, the customers/ market/ changing demands are the driving forces behind any innovation. In fact, market driven or the customer based innovations have the highest probability of success.

Process of Creativity

Brilliant ideas do not come out of the blue they evolve through a creative process wherein ideas are germinated developed and matured by imaginative person. The process of creativity involves six stages

Stage I: Task Presentation

The first stage to the process of creativity is idea germination. The idea germinates from personal interest/ inclination or an existing problem or future opportunity. The important thing at this stage is how far is the idea motivating enough to capture the attention of the entrepreneur. But a lot of internal motivation is required to learn about a problem/ or to tap an opportunity and if the perceived problem is motivating enough to capture the individual's attention, one moves to the Stage II.

Stage II: Preparation

Preparation is the plan for a conscious research of a solution to the problem/ opportunity, it involves gathering information about the problem and how others have tried to solve it. This stage builds up and



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activates information that is relevant to the problem. At this stage a market research is often conducted for new products and services. This stage does not generally deliver any results. However, the effort of gathering information and knowledge is useful for the final solution. Successful gathering of information at this stage motivates entrepreneur to move to Stage III.

Stage III: Incubation

In this stage the knowledge and information is assimilated. It is a stage of subconscious assimilation of knowledge. Herein the subconscious intellect assumes the control of the creative process and the limitations of human logic do not affect the solutions. Stage IV: Idea Generation Multiple ideas and solutions (alternative courses of actions) are generated at this stage. These ideas are brainstormed to assess the feasibility, by using previous experiences, insight and fears. Thus this is the stage of evolution of alternative ideas or solutions.

Stage V Idea Validation

Ideas generated in the previous stage needs to be verified and proved realistic, useful and practical. Various approaches to the problem are attempted using previous experiences, insight and fears. Ideas are recognized as being feasible. This is the stage that refines knowledge into application.

Stage VI Outcome Assessment

An assessment of the creative process can either lead to the achievement of goal wherein a creative idea or solution to the problem is located or no progress in this direction is achieved. In any case the creative process ends. If the result is between the two extremes, then the process returns to stage I.

TYPES OF CREATIVITY

Generally, quality of creation determines the types of creativity. Various authors have suggested different types of creativity. Irvin Taylor has suggested the following quality hierarchy:

- I. **Spontaneous creativity:** It deals with spontaneous creations.
- II. **Technical creativity:** It involves striking improvement in a process that increases the level of

proficiency or efficiency.

III. Inventive creativity: It involves ingenuous new combination of materials or ingredients. Eg. Edison's light bulb or Bell's telephone

IV. Innovative creativity: It involves far-reaching application of more basic ideas such as management applications of principles of psychology to develop a much more effective system for motivating staff

V. Emergentive creativity: It consists of new revolutionary principles for an art or a science such as the psycho-analytical concepts of Freud or the relatively concept of Einstein or Picasso's cubist ideas.

These are simply different forms of creativity and each can vary enormously in quality. The quality or level of creativity is related to the level of novelty and appropriateness of the creative effort.

Examples of Entrepreneurial Creativity and Innovation

Apple (Steve Jobs)

He may have passed away on the 5th of October 2011, but the creative entrepreneurial legacy that Steve Jobs left behind will have a marked impact on all other intrepid tech entrepreneurs that come after him.



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Steve Jobs had a never say die attitude and an incredible flair when it came to producing products that were leagues ahead of the competition and so creative that they stood head and shoulders above the competition.

Apple Computer, Inc. was founded on April 1, 1976, by college dropouts Steve Jobs and Steve Wozniak, who brought to the new company a vision of changing the way people viewed computers.

Jobs and Wozniak wanted to make computers small enough for people to have them in their homes or offices. And they succeeded beyond their wildest imagination.

Entrepreneur magazine says that Steve Jobs systematically cultivated his creativity and so can others. While there's no doubt that Jobs had a naturally creative brain, thanks to modern research, we can see that Jobs' artistry was also due to practices every entrepreneur can adopt to enhance creative thinking.

Jobs' meditation practice helped him develop creativity. Meditative practices, such as "open-monitoring training," encourage divergent thinking, a process of allowing the generation of many new ideas, which is a key part of creative innovation.

Other forces of creative entrepreneurial thinking

Steve Jobs most certainly did not have the monopoly when it came to creative entrepreneurial thinking. Far from it. Many other top creative entrepreneurs came before him, and right now the next wave of creative entrepreneurs are starting to make their mark.

Household names such as Richard Branson, Bill Gates, Jeff Bezos, and Elon Musk have set the bar very high when it comes to creative thinking, allowing them to build multi-billion dollar empires.

Now whilst they may have had one thing in common which was having a knack for creative thinking, the one thing that leading entrepreneurs and innovators like Bill Gates and J.K. Rowling all have one thing in common and that is that they were all domain experts before launching their businesses.

Bill Gates, spent nearly 10 years in school programming in different computer systems before starting Microsoft, whilst J.K. Rowling began writing at the age of six, and spent over seven years refining and perfecting her idea before it became a global sensation and boosted her net worth to over \$1 billion.

INNOVATION

Creativity is concerned with the generation of new idea and innovation, translates new idea into a new product or an organisation. Innovation means not only doing new things, it is also doing things that are already existing in a new way. Innovation is the transformation of creative idea into useful applications but creativity is a prerequisite to innovation. Innovation is the specific tool of entrepreneurs. Innovation is the development process.

Characteristics of Innovation

- Innovation invites and leads to changes
- Innovation can be spontaneous or can be the result of thoughtful plan
- Innovations can bring a complete revolution or can be just an extension of existing products and services
- Innovations provide a unique identify/element to a business
- Innovations are action oriented



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- Innovations help in making the products and process simple to understand .

Innovations involve continuous experimentation, testing, trials and revisions

The Elements of Innovation

- Innovation is the key to entrepreneurship. The presence of innovation distinguishes them from others. The following are the elements of innovation given by Fiona Fitzpatrick
- Challenge- the concept that is going to be changed –“Pull”
- Customer focus – Customer value going to be created – “Push”
- Creativity- Generation and sharing of ideas –the “brain”
- Communication- Flow of information and ideas- the “life blood”
- Collaboration – Joining people together to work on the idea –the “heart”
- Completion- Implementation of newly generated idea – the “muscle”
- Contemplation- reflection of experience leads to higher competency –the “ladder”
- Culture – the playing field of innovation which includes leadership, diverse group of people, Basic values and Innovation values of the firm
- Context- Innovation is shaped by interaction with the world

TYPES OF INNOVATION

There are two types of innovations; technical and non-technical

Technical innovation

It is concerned with innovations in the processes by which production takes place and also with innovation in the products themselves. It is also called pure innovation. It is creation of something radically different from existing technologies or products. Generally, it is also treated as product oriented innovation which involves developing goods and services that incorporate entirely new and novel breakthrough advances.

Non-technical innovations

It is also termed as process innovation. It is incremental and evolutionary. Its purpose is to make existing industries more efficient. It refers to small changes in design, product formulation and manufacturing, materials and service delivery that firms make to keep their product up-to-date and their costs down.

Innovation also can be classify as

Invention: Invention is the creation of a new product, service or process

Extension: Extension is the expansion of a product, service or process already in existence.

It makes a different application of the current idea.

Duplication: Duplication is not simply copying but adding one's own creative touch to enhance or improve the concept to beat competition.



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Syntheses: It is the combination of existing concepts and factors into a new formulation. It involves taking a number of ideas or items already invented and finding a way so that they together form a new application

SOURCES OF INNOVATION

Unpredicted occurrences:

Sometimes unexpected success or failure prove to be a major innovative surprise for the enterprise. These happenings are normally anticipated and unplanned

Incongruities

These occurs whenever a gap or difference exists between the expectations and reality. The gap motivates the entrepreneur to innovate with all the more vigour.

Process needs

These needs are created whenever situation and surrounding circumstances generate demand for the innovate to satisfy the requirement of process needs.

Industry and market changes

Changes in the customer preferences, styles, advance technology demands modification in the product quality. These changes provides tremendous opportunities for innovation.

Demographic changes

Urbanization, increasing education, occupation, income etc create more opportunities for innovative entrepreneurship

Perceptual change

The change occurred in people's attitude, emotions, interpretation towards certain concept leads to new innovations

Knowledge based concept

Knowledge based concepts are basis for the development of new products and market. These require testing and modifications and needs more time.

DIFFERENT FORMS OF INNOVATIONS

Product Innovation

Product innovation is the result of finding a new way to customers problem through a developing a new products or through altering the properties of already existing product for the benefit of the customer as well as for the sponsoring company. Example:

- Automobile: Introducing advance model of cars and bikes
- Agriculture: Introducing enhanced variety of pesticides

cess Innovation



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Process innovation includes introducing new process technology or modification of already existing technology to next higher order level for improved production. Process innovation enhances bottom line profitability, minimizes the cost, increases efficiency and improves productivity.

Business innovation

Business innovation involves a wide spectrum of original concepts, including development of new business models, organizational innovation, business application of technology and communications, new management techniques, environmental efficiency, new forms of stakeholder participation, transport and finance.

These consist of new business models, new management models, new approaches to value chain management, new approaches to information, idea and knowledge management, new forms of strategic partnerships, new forms fo selling and customer service

Organizational Innovation

More efficient innovation metric, associated with organizational innovation, reflects the recognition that new ways of organizing work in areas such as work force management through employee empowerment, new people partnership, or positive action to involve all employees in order to make organization of work a collective resource for innovation, knowledge management, value chain management, customer partnership, distribution, finance, manufacturing can improve competitiveness. Organizational innovation also includes business model innovation.

Technology Innovation

Technological innovation covers innovation derived from research and development of technology, that is independent of product and service initiative.

Marketing Innovation

Innovative distribution and customer service methods are an inseparable part. It helps a company to develop new value added services, enter new markets, and create new market segments / categories, new distribution methods, and new forms of customer service and customer partnership. Marketing Communication can also be more effective with Innovative Strategies.

Strategy Innovation

It consists of reinvented strategy of the enterprise, innovative corporate growth strategies, improved competitive strategies. It is about challenging existing methods of industry of creating value for customer in order to meet newly emerging customer needs, add additional value, and create new markets and new customer groups for the sponsoring company.

PHASES OF INNOVATION

Innovation has two phases

- Design phase
- Implementation phase

Sign phase



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The design phase involves divergent thinking and creativity, brain storming, search for alternatives. The management of design phase needs to be marked by great administrative flexibility and authority exercised by the expert in a given situation, open communications, sharing information, much discussion etc.

Implementation phase

It requires much planning and careful coordination and control and evaluation of progress.

RISK, UNCERTAINTY AND INNOVATIONS

Innovative entrepreneur often like to have uncertainty. Uncertainty is a situation in which the entrepreneur understands the problem but does not have complete information on the possible alternatives and the likely consequences of each alternative. Different types of uncertainty are as follows:

Structural uncertainty

It relates with certain structural conditions and constraints generally imposed due to the entry of a new venture into emerging industries. Technological uncertainty is best example for structural uncertainty.

Strategic uncertainty

It deals with the situation where complete information is not available regarding level of competition, number and name of competitors types of products and process on which competitors are working and government policy about new industry. New ventures in emerging industries are often unaware of these important variables and this type of uncertainty creates problem before them.

Resources uncertainty

It is concerned with availability of resources in the firm's input markets. New ventures generally fall problem in their fund raising programme form the financial markets because financial sources are unfamiliar with the new industries risk and return profile. Professional managers also face a career risk and economic uncertainty when joining firm in emerging industries. The procurement of raw material supplies and parts may also be difficult during the industry's emergence.

Customer uncertainty

It relates with output or customer market. Generally, incomplete information is available with regard to buyer needs and wants, income levels, demographic characteristics, psychographics profile and buyers perception etc and new ventures in emerging industries fail together these information on sound footings. They also face uncertainty about customers resistance over the prices and the points of products.

Innovation usually means embarking on an uncertain voyage. Uncertainty can be of many origins. There may be uncertainty as to the approach needed to get to the innovative product creativity.

CREATIVITY, INNOVATION AND ENTREPRENEURS

Entrepreneurship = Creativity + Innovation

Creativity – thinking new ideas

ovation- Doing new things



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Entrepreneurship -Creating value for the new idea in the market

Entrepreneurship is the result of a process that apply both creativity and innovation to capitalize on marketplace opportunities. Entrepreneurship means much more than starting a new business. It denotes the whole process whereby individuals become aware of the opportunities that exist to empower themselves, develop ideas, and take personal responsibility and initiative. In a broader sense, entrepreneurship helps young men and women develop new skills and experiences that can be applied to many other challenges in life. Entrepreneurship is therefore a key priority area with the potential to stimulate job and wealth creation in an innovative and independent way.

Growth and development cannot be sustained without additional innovations (usually in the product or services or in its marketing) with additional innovations, firms become “glamorous” Introducing new products is usually seen as part of the process of innovation, which is itself seen as the engine driving continued growth and development.

Successful entrepreneurs require an edge derived from some combination of a creative idea and a superior capacity for execution. The entrepreneur’s creativity may involve an innovation product or a process that changes the existing order or entrepreneur may have a unique insight about the course or consequence of an external change. Entrepreneurship is the vehicle that drives creativity and innovation. Innovation creates new demand and entrepreneurship brings the innovation to the market. Innovation is the successful development of competitive edge and as such, is the key to entrepreneurship

SUMMARY

Creativity and Innovation are at the heart of the spirit of enterprise. Innovative entrepreneur always sees what everybody has seen but think what nobody has thought. Thus the value of creativity and innovation is to provide a gateway for perceptive entrepreneurs who are actively searching for opportunities to do new things, to do existing things in extraordinary ways.

To determine if your business idea is practical and achievable, there are areas you can investigate and study.

Ask yourself these practical questions and how they relate to your situation as a starting

- point. • Is the business logically achievable?
- Does current technology meet your needs?
- What are the risks?
- How will your products or service differ from what is on the market?
- What is the trajectory of the market?
- Do you have the finances to make the business achievable?
- Is there a time constraint for establishing the business?

To conduct a feasibility analysis, you will need a detailed understanding of:

- your business idea, product or service
- the nature of the market
- the needs of your customers



- the costs involved and the revenue you are forecasting

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- your business model and plan
- the human resources and skills available to support the business.

A feasibility analysis – to provide details for a formal business plan – may be necessary when preparing a pitch to investors, lenders or potential partners for your business, and when applying for government funding.

Follow these steps to analyse the feasibility of your business.

1. Create and define the project parameters—for example, analyse:
 - the financial feasibility of starting the business (read below)
 - the legal requirements for operating it
 - the operational capacity as outlined in your business plan.
2. Research the industry, market, customers, business model and staffing – how will they affect the feasibility of your business?
3. Review your research findings to determine if the business idea, product or service is viable.

FINANCIAL

Use this type of analysis to determine if your business has adequate economic resources to meet its goals (e.g. funding, capital, profit).

Consider:

- What is the financial position of the business?
- Is the business able to access necessary funding?
- Can the business make a profit?
- Does the business have enough money to meet its obligations?

Financial viability

Financial viability is your business's capacity to generate enough income to meet its operating costs while maintaining required service levels.

Make sure you've calculated the costs required to start your business and that you have funds to cover these.

To assess the financial viability of your business, consider if your business:

- is profitable
- can give you an income, salary or return on investment
- is meeting all business obligations
- has adequate cash resources
- could sustain operations through a phase of no profit.

LEGAL

Use this type of analysis to determine if your business successfully meets the necessary legal requirements to operate (e.g. business registrations, permits and licenses).

Consider:



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- Does the business have all relevant registrations, licences and permits in place?
- Does the business have access to legal advice as necessary?

OPERATIONAL

Use this type of analysis to determine if your business has the operational resources it requires to be successful (e.g. business structure, premises, suppliers, human resources and equipment).

Consider:

- Is the business structure confirmed?
- Are the business premises and location suitable?
- Does the business have access to a variety of suppliers?
- Does the business have the necessary staffing and equipment to operate?

Starting lean

'Starting lean' describes the method for starting a business or introducing a product or service as efficiently as possible.

Starting lean can help you to determine the feasibility of your business while minimising costs, time commitment and resources.

Starting lean may involve:

- scheduling a research phase early in your start-up preparation before the business opens or new product launches
- starting with a concept or product that can be developed and tested quickly and at low cost – this will help you validate the level of demand in the market before making a larger financial commitment
- continuing the testing phase for as long as necessary – viability increases when you make improvements between a series of tests, as opposed to a one-off test.

When the business concept, idea or product is validated, you can proceed to establishing your business. **Product and service viability**

Product and service viability is a type of analysis that looks specifically at considerations associated with business products and services, rather than the business itself.

Product viability refers to the potential that business products have to generate demand in the market and be profitable.

To help you determine if a product is viable, consider the following:

- Is the product safe?
- Will the product fit into the market?
- How quickly can we get the product into the market?
- Does the current product need to be improved?
- How will you manage the research and development?
- Can you partner with industry or research partners to innovate?



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- Do you have the time and money available to innovate?
- Is there a gap in the market for this product?
- Do you have the funding to develop the new product?
- How will you manage and protect intellectual property?

Long-term viability of products and services

It can be beneficial to consider the long-term value of your business products or services when determining their viability and how much to invest in production or marketing.

Consider the following:

- Will your products and services be viable in 5–10 years or will trends diminish their value? • Are the products and services dependent on other products and services (e.g. maintenance, parts, servicing requirements)? If so, will those still be available in 5–10 years?
- Can your products and services adapt to industry changes and meet market needs in new ways in the future (e.g. integrate with new technologies, such as renewables)?
- What capital requirements will be needed in the long term?
- Will the potential income be worth the capital investment?

Customer needs now and in the future

Customers are the end-users of your products and services. Considering both the current and future needs of your customers is key to determining if your business idea, product or service is feasible.

To help ensure that your customer needs are met, consider:

- conducting usability testing—the process of testing a product or design with a group of users that are representative of your target customers
- implementing universal design principles—used to ensure products and services are accessible to the widest range of customers.



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NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT (NIESBUD), NOIDA, UP.

The National Institute for Entrepreneurship & Small Business Development (NIESBUD) is an autonomous Institute established in 1983 under the administrative control of M/o MSME. The major areas of intervention of the Institute are conducting of Training Programmes, Research/ Review/Evaluation Activities, Publications & Training Aids, Cluster Development Activities, Garment Incubation-cum-Training Centre, Intellectual Property Facilitation Centre, Employment Generation/Assistance, Hand-Holding Assistance for Enterprise Creation, Consultancy Services (National and International) etc.

The activities of the Institute have witnessed a quantum jump in the recent past.

From 355 training programmes during 2009- 10, the number increased to 3,886 during 2013-14, a growth of nearly 1100%. Similarly, the revenue generation also increased from Rs. 444.36 lakh to Rs. 4,200 lakh during the period, signifying about 10 fold increases.

PERFORMANCE OF NIESBUD DURING 2012-13 AND DURING 2013-14

	Category of the Programme	2012-13 2013-14			
		No of Progs	No of Progs	No of Progs	No of Progs
1	TTPs/ Ps/Conferences /Workshops	56	1.043	132	824
2	ToTs / EDPs /ESDPs-ATI	1,929	49.269	1500	39.979
3	EDPs / ESDPs – Non-ATI	132	2.241	56	505
4	International Programmes	12	245	13	252
	Total	2.129	53.953	3886	99560

This achievement of training 99,560 beneficiaries during the year 2013-14 is against 53,953 beneficiaries trained by the Institute during the year 2012-13.

Institutional Support for Entrepreneurship Development

Slno	Name of Institute	Place	Activities
01	National Institute of Small Industry Extension and Training (NISIET)	Hyderabad	Training, research and consultancy services
02	Indian Institute of Entrepreneurship	Guwahati	Training, research and consultancy services
03	National Institute of Entrepreneurship and Small Business Development (NIESBUD)	New Delhi	Coordinating and overseeing activities of various institutes /agencies engaged in entrepreneurship development
04	Integrated Training Centre (Industries)	Nilokheri	Conducts EDP course
05	Institute for Design of Electrical Measuring Instruments (IDEMI)	Mumbai	Render services to the instrumentation industry
06	Central Institute of Hand Tools	Jalandhar	Aims at rapid growth of the hand tool sector
07	Hand Tool Design Development and Training Centre	Nagaur	Assistance for improvement in productivity, betterment in quality, high value addition
08	Central Tool Room	Ludhiana	Provides services in the area of consultancy, tool design and manufacture and technical training
09	Central Tool Room and Training Centre	Kolkata	Training, design and manufacture of complicated precision tools for the telecom industry and other common facility services



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10	Central Institute of Tool Design (CITD)	Hyderabad	Training,CAD/CAM centre to train post graduate trainees, automatic process control unit, and so on
11	Product-cum-Process Development Centre for Sports Goods	Meerut	Training, process and product development of sports goods, R & D
12	Product-cum-Process Development Centre for Essential Oils	Kannauj	Modernise and upgrade technology status for the essential oils and perfumery industry

13	Product-cum-Process Development Centre	Agra	Provide better technology to small-scale foundry and forging units, process and product development, and provision of design for melting equipment, testing facilities
14	Electronic Service and Training Centre	Ramnagar	Training, technical and consultancy services
15	Centre for the improvement of Glass industry	Firozabad	adoption of new technologies and products
16	National Small Industries Corporation	New Delhi	Supply of machinery, marketing assistance, training

Part-B Finance instructions:-

Entrepreneurs shape economic destiny of nations by creating wealth and employment, offering products and services, and generating taxes for governments. That is why entrepreneurship has closely been linked to economic growth in the literature on the subject. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalizing world economy. Therefore, most governments in the world strive to augment supply of competent and globally competitive entrepreneurs in their respective countries. While developed nations have a reasonably good pace of entrepreneurial supply, most developing countries suffer from dearth of such entrepreneurs. This is one of the reasons for the poverty in developing countries, despite their rich resource endowments.

Financial schemes for women entrepreneurship: With a view that women entrepreneurs should come forward in industrial field and become self-sufficient, governmental and financial institutions have announced many schemes of providing financial assistance. Seed Capital Scheme- In order to start one's own business this scheme is undertaken by the government. Mohanty (2004) suggested that various self-employment and income generating schemes such as IRDP, SEEUY, PMRY, SSI, KVI and DWCRA implemented in Orissa have made significant contribution towards economic empowerment and self- employment of women and development of women entrepreneurship.

Financing institutions:-

Finance is one of the essential requirements of an enterprise. Without adequate funds, no business can be developed. In India, Central and state governments are promoting number of financial institutions to bring in the industrial development in the country. Some of the important financial institutions are:

1. Industrial development bank of India (IDBI)
2. National bank for agriculture and rural development (NABARD)
3. Export import bank of India
4. Small industrial development bank of India (SIDBI)
5. Industrial investment bank of India
6. Industrial finance corporation of India (IFCI)
7. Industrial Credit and Investment Corporation of India (ICICI)
8. Industrial Reconstruction Bank of India
9. Indian banking system and commercial banks
10. State Financial Corporations



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1) Industrial development bank of India (IDBI)

IDBI is the apex institution in the field of industrial finance. It was established under the IDBI act 1964 as a wholly owned subsidiary of Reserve bank of India. It started its operations from 1st July 1964. It was de-associated from RBI under Public Financial Institution Laws (Amendment) Act 1976 and restructured as the principal financial institution of the country with the following objectives. Create a principal institution for long term finance Coordinate the institutions. Working in the field for planned development of industrial sector Provide technical and administrative support to the industries. And to conduct research and development activities for the benefit of industrial sector.

IDBI provides long term finance to industrial sector. It is engaged in direct financing of the industrial activities as well as refinance and rediscounting of bills against finance made available by commercial banks under their various schemes for industrial development purposes.

IDBI is the tenth largest bank in the world in terms of development. Some of the institutions which have been built by IDBI are:

- The National Stock Exchange (NSE),
- National Securities Depository Services Ltd.
- Stock Holding Corporation of India Ltd.
- Entrepreneurship Development Institute:-

Since entrepreneurship development is the precondition to industrial development, IDBI played a major role in setting up of the Entrepreneurship Development Institute of India for promoting entrepreneurship in the country. IDBI also provides financial support to various organizations in conducting studies and surveys beneficial for industrial development.

2) National Bank for Agriculture and Rural Development (NABARD):-

NABARD is one of the apex development banks. It came into existence on July 12, 1982 under NABARD ACT, 1981 with a capital of Rs. 100crore contributed by Central Government and RBI, with its main office in Mumbai. The set up has been created by merging Agriculture Credit Department and Rural Planning and Credit Cell of RBI and took over the entire functions of Agriculture Refinance and Development Corporation.

NABARD raises funds through National Rural Credit-Long Term operations, National Rural Credit Establishment Fund, bonds and debentures guaranteed by Central Government, borrowing from RBI, Central Government or any other organization approved by Central Government and funds from external sources. Its developmental functions are co ordination of various institutions, acting as agent of Government and RBI and providing training and research facilities.

The regulatory functions include inspection of Regional Rural Banks, and Cooperative Banks, receipt of returns and making of recommendations for opening new branches.

3) Export Import Bank of India (EXIM BANK)

It is apex institution for coordinating the working of institutions engaged in financing exports and import of goods and services. With initial authorized capital of Rs. 200 corer, Exim Bank was established on Jan 01, 1982 under Export Import Bank of India Act 1982, which took over the export finance activities of IDBI. It raises funds by way of bonds and debentures, borrowing from RBI or other institutions, raising foreign deposits.

It undertakes following types of functions;

- Direct finance to exporter of goods.
- Direct finance to software exports and consultancy services.
- Finance for overseas joint ventures and turnkey construction project.
- Finance for import and export of machinery and equipment on lease basis.
- Finance for deferred payment facility.
- Issue of guarantees.
- Multi-currency financing facility to project exporters.



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□ Export bills rediscounting.

□ Refinance to commercial banks in India.

□ Guaranteeing the obligations.

4) Small Industries Development Bank of India SIDBI

Was established under SIDBI Act 1988 and commenced its operations with effect from April 02, 1990, as a subsidiary of IDBI. It took over the IDBI business relating to small scale industries including National Equity Scheme and Small Industries Development Fund. The objective of establishment of SIDBI is to strengthen and broad base the existing institutional arrangement to meet the requirements of small scale industries and tiny industries.

Some of its functions include:

- Providing working capital through single window scheme
- Providing refinance support to banks/development finance institutions.
- Undertaking direct financing of SSI units.

5) Industrial Investment Bank of India IIBI

Was established as Industrial Reconstruction Corporation Limited during 1971 when it was renamed as Industrial Reconstruction Bank of India with effect from March 20, 1985 under IRBI Act 1984, to take over the function of industrial reconstruction corporation. During 1997, the bank was converted into a joint stock company by naming it as Industrial Investment Bank of India.

6) Industrial Finance Corporation of India IFCI

Was established under IFCI Act during July 1948 as India's first development bank. The main objectives, for which IFCI was established, are to make medium and long term credit available to the industrial undertakings and to assist them in creation of industrial facilities.

Its functions include:

- Subscription and underwriting of public issues of shares and debentures.
- Guaranteeing of foreign currency loans and also deferred payment
- Guarantees Merchant banking, leasing and equipment finance
- During 1994, IFCI was converted into a joint stock

7) Industrial Credit and Investment Corporation of India ICICI

was set up during 1955 as a private company with a view to provide support to industrial sector in India by way of rupee and foreign currency loans, particularly the private international investment and World Bank funds, to assist the industry in private sector. Its functions include:

- Subscription and underwriting of capital issues
- Guaranteeing the payment for credits
- Merchant banking, equipment leasing and project counseling.

8) Industrial Reconstruction Bank of India

Government of India set up the Industrial Reconstruction Corporation of India in April 1971 under the Indian Companies Act mainly to look after the special problems of sick units and provide assistance for their speedy reconstruction and rehabilitation(Khanka,1999:116) In August 1984 Industrial Reconstruction Corporation of India was converted into Industrial Reconstruction Bank of India(IRBI).IRBI has to work as the principal all India credit and reconstruction agency for industrial revival, assisting and promoting industrial development and rehabilitation of industrial concerns.

9) Indian Banking System and Commercial Banks

The Indian banking system comprises of Reserve bank of India and other banking institutions like NABARD, National Housing Bank, Export Import Bank of India, Commercial banks (public sector banks, private sector banks, and foreign



SUPPORT

banks) Regional Rural banks, Co-operative banks, Development financial institutions such as IDBI, ICICI, IFCI, and other financial intermediaries (LIC, GIC, UTI)

Commercial banks in the context of entrepreneurship development

Commercial banks came into the business of supporting small scale industries in a significant way only after the nationalization of banks in 1969. Till that time these banks were financing small scale industries. RBI advised commercial banks to initiate activities of increase credit flow to the small scale industries. Different schemes implemented by different banks are as follows: State Bank of India launched entrepreneurship development programme in 1978.

This programme was of one month duration, having three phases. Initiation phase: creating awareness about entrepreneurial opportunities. Development phase:

Training in developing motivation and managerial skills Support phase: Counseling, encouragement and infrastructural support for establishing and running enterprises.

State Bank of India (SBI) implemented scheme of financial assistance to technically qualified or trained entrepreneurs. Bank of India is operating following schemes for entrepreneurship development in the country.

- A. Star artisan credit card scheme.
- B. Small entrepreneur credit card scheme
- C. Star SSI supreme scheme
- D. Small entrepreneur trade card scheme
- E. Star self-employment credit card scheme

f) Scheme for employment enhancement and poverty eradication.

Punjab National Bank through its Merchant Banking division provides number of benefits to small and middle level entrepreneurs.

Punjab National Bank initiated a “MahilaUdyamNidhi Scheme” for women entrepreneurs.

10) State Financial Corporation (SFC)

Financial Corporation Act 1951, made it mandatory that every state in India will have its own established financial corporation. The main function of State Financial Corporation is to provide mainly the term loan assistance to small and medium scale industries for acquiring fixed assets like land, building, plant and machinery.

SFCs undertake the issue of stock, shares, bonds or debentures of industrial concerns and to grant loans and advances to industrial concerns repayable within a period not exceeding 20 years.

11) Life Insurance Corporation of India (LIC)

Life Insurance Corporation of India was established under the LIC Act in 1956 as a wholly owned corporation of the Government of India. LIC has been deploying its funds according to plan priorities. LIC also provides term loans and underwriting/ direct subscription to shares and debentures of corporate sector.

Promotional Institutions

Government at state and central level has introduced lot of measures to support the growth and development of entrepreneurs. Government has set up number of promoting agencies and institutions to help emerging and established entrepreneurs, especially small and medium entrepreneurs. These institutions support the entrepreneurs in respect of training, finance and marketing. Some of such institutions are:

1. District Industries centers (DICs)
2. Small Industries Development Organization (SIDO)
3. The National Small Industries Corporation Ltd.(NSIC)

Small Scale Industries Board (SSIB)

Small Industries Service Institutes (SISIs)



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6. Industrial estates.

Supporting of other financial institutions:-

Promotional Institutions Government at state and central level has introduced lot of measures to support the growth and development of entrepreneurs. Government has set up number of promoting agencies and institutions to help emerging and established entrepreneurs, especially small and medium entrepreneurs. These institutions support the entrepreneurs in respect of training, finance and marketing. Some of such institutions are:

1. District Industries centers (DICs)
2. Small Industries Development Organization(SIDO)
3. The National Small Industries Corporation Ltd.(NSIC)
4. Small Scale Industries Board (SSIB)
5. Small industries Service Institutes (SISIs)
6. Industrial estates
7. Khadi and Village Industries Corporation (KVIC)
8. Technical Consultancy Organizations,

Support from Family Members, Friends and Relatives Family members including spouse, children and parents create a support system for the budding entrepreneurs. This support can be emotional, financial, administrative or technical. businessperson has to face various problems like ups and downs in the business, payment recovery problem and



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financial crunch resulting from it, worker's non-co-operation and industrial unrest. Spouse can extend support during all such types of crises. In some communities like Marwari, there is a provision of community funds which can be used to help the needy entrepreneurs.

Table 4.1: Growth Dimensions of Small Scale Industries in Karnataka

Year	No of Regd. SSI Units	Investment (In Lakhs)	Employment (In Nos)
1980-81	2776	3042	21357
1981-82	3396	4954	29214
1982-83	6096	2794	31420
1983-84	7479	6397	36314
1984-85	8073	6324	55849
1985-86	11634	8787	60796
1986-87	11179	9409	56888
1987-88	10530	10165	52498
1988-89	9811	10533	50448
1989-90	9700	11247	51521
1990-91	9884	11843	53568

1			
1991-9 2	10588	18623	61903
1992-9 3	11368	19773	62835
1993-9 4	12614	19891	69563
1994-9 5	13503	26463	73999
1995-9 6	11856	33160	70903
1996-9 7	13529	35811	67631
1997-9 8	34402	66451	132978
1998-9 9	13422	59752	69579
1999-0 0	15938	73706	88279
2000-0 1	16554	65158	85792
2001-0 2	16964	47883	73195
2002-0 3	12029	40836	57371
2003-0 4	12220	37054	56790
2004-0 5	11238	38541	49998
2005-0 6	12780	43647	58133
2006-0 7	12580	46542	57517

Source: Government of Karnataka, DIC (District Industries Centre,

The numbers of registered SSI units have increased at a fast rate during the last three decades. The total number of registered SSI units rose by almost three times from 2776 in 1980-81 to 8073 in 1984-85 16 – a period of five years. The growth in the subsequent 5 years has indicated a slow and fluctuating trend from 8073 in 1984-85 to 9700 in 1989-90. The growth rate is sustained and continuous and the total number of registered SSI units rose to 13503 in 1994-95 and further to 15938 in 1999- 2000. With a small increase of 16554 units in 2000-01 the total number of SSI units declined to 12580 in 2006-07. – A period of five years. The growth in the subsequent 5 years has indicated a slow and fluctuating trend from 8073 in 1984-85 to 9700 in 1989-90. The growth rate is sustained and continuous and the total number of registered SSI units rose to 13503 in 1994- 95 and further to 15938 in 1999-2000. With a small increase of 16554 units in 2000-01 the total number of SSI units declined to 12580 in 2006-07.

Table 4.2: Orientation and plans of SMEs

Orientation and plans of SMEs in times of crisis	The same workload	Reduced workload	Closing the business	Transfer business to others
Business expansion				

32,2%	55,6%	6,1%	4,7%	1,5%
45,9%	47,2%	3,8%	2,0%	1,1%
58,7%	37,6%	2,4%	0,9%	0,5%
29,1%	59,1%	4,6%	5,3%	2,0%
43,6%	48,5%	3,8%	2,9%	1,2%



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Table 4.3: OUTSTANDING BANK CREDIT TO MICRO AND SMALL ENTERPRISES

As on last reporting Friday of March	Public Sector Banks	Private Sector Banks	Foreign Banks	All Scheduled Commercial Banks
2005	67,800	8592	6907	83498
2006	82,434 (21.6)	10,421 (21.3)	8,430 (22.1)	1,01,285 (21.3)
2007	1,02,550 (24.4)	13,136 (26.1)	11,637 (38.0)	1,27,323 (25.7)
2008	1,51,137 (47.4)	46,912 (257.1)	15,489 (33.1)	2,13,538 (67.7)
2009	1,91,408 (26.6)	46,656 (0.0)	18,063 (16.6)	2,56,127 (19.9)
2010	2,78,398 (45.4)	64,534 (38.3)	21,069 (16.6)	3,64,001 (42.1)
2011	3,76,625 (35.3)	87,857 (36.1)	21,535 (2.2)	4,86,017 (33.5)
2012	3,96,343 (5.24)	1,10,514 (25.79)	(21,760) (1.05)	(5,28,617) (8.77)
2012 (Provisional)	5,00,250 (26.22)	(1,52,554) (38.04)	(31,993) (47.03)	6,84,797 (29.55)

Source: Reserve Bank of India