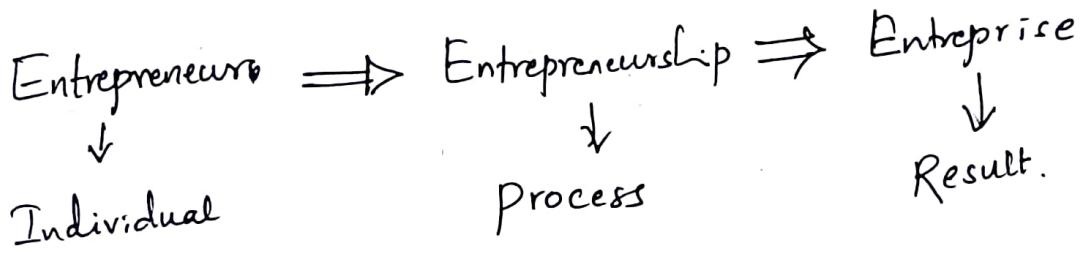


## Entrepreneurship

(An individual who always search for a change, respond to it and exploit as an opportunity is called entrepreneur.)

(The process of starting an enterprise is called entrepreneurship.)

(The result obtained from entrepreneurship is called Enterprise.)



An entrepreneur act as a economic agent for the development of any country. He is a initiator and inspirator, & having Skill, Spirit and drive to bring changes in the Society, Creates opportunity & Convert it <sup>into</sup> economic profit.

The entrepreneur is the word which is derived from french word "entreprendre" that means to undertake. Undertaking of any kind of risk for economical & social changes.

### Importance of Entrepreneurship :-

Entrepreneurs are the seeds of industrial development. The fruits of industrial development are creating employment opportunity, higher standard of living, generating revenue to the government in the form of tax, excise duty, export duties, import duties and balanced regional development.

### Characteristics of entrepreneur:-

- 1) Action Oriented, highly motivated and ready to take risk at all levels.
- 2) Should have unwavering determination & commitment.
- 3) Creativeness & hard working, result oriented.
- 4) Accepts responsibilities with enthusiasm.
- 5) Self confident, dedicated, and self disciplined.

## Evolution of Entrepreneurship

Entrepreneurship is old as man, from ancient days this entrepreneurship is existing. Evolution of entrepreneurship is as follows.

### 1) Early Stage (12-14<sup>th</sup> century).

In this stage merchant (Marco Polo) has made contract with Capitalist to sell the products to far east by profit is shared between the two. Capitalist is finance risk taker and merchant who has taken all physical risk.

### 2) Middle Stage (15-16<sup>th</sup> century).

In this era the term entrepreneur is referred to as the person who manage cargo projects.

### 3) Seventeenth Century :- (17<sup>th</sup> century).

In this century agreement took place between person (entrepreneur) & government. Entrepreneur has to give tax to the government in order to provide goods or service. Hence irrespective of profit or loss entrepreneur has to pay to the government so he was operating at loss.

#### 4) 18<sup>th</sup> & 19<sup>th</sup> Century :-

In this era Industry revolution took place & here ~~Capitalist~~ (the one who give finance) differentiated from the entrepreneur (who seek finance).

#### 5) 20<sup>th</sup> Century :-

In this century entrepreneurs are classified based on the economic investment.

✓ Stages in the entrepreneurial process :-

The Various steps has to be followed before starting any enterprises which are listed as follows.

- 1) Identification of opportunity
- 2) Evaluation of opportunity
- 3) Developing business plan
- 4) Determination & organizing the resources.
- 5) Management of Enterprise.

## 1) Identification of opportunity :-

Before starting any enterprise individual should search for good opportunities or any idea. Idea can be own or by friends, relatives etc. Basically a need of someone becomes opportunity for a entrepreneur. This need entrepreneur has to address by his innovative skill, creativity etc. Consumer or customers or end users are best source of idea.

## 2) Evaluation of opportunity :-

After identifying the opportunity individual has to evaluate or assess the idea or opportunity in terms of its length, span, profit generation, expenditure etc. To do this individual can use SWOT analysis that is nothing but Strength, weakness, opportunity and threat. First two strength & weakness are internal factors and opportunity & threat are external factors. Individual has to do overall assessment of particular idea or opportunity considering above factors.

## 3) Developing Business plan :-

After selecting the specific idea, individual should start business planning

which includes, Title of the project, location, permission required, Staffing & organizing, resource arrangement etc.

#### 4) Determination & organizing the resources:

Individual should list out the raw materials required for production of goods, machines, measurement instrument required etc. He should check about the suppliers of raw materials, alternative suppliers etc. Calculation of raw material required is very most important, wrong calculation leads to shortage of materials in between or the end which causes more expenditure or loss to the enterprise.

#### 5) Management of Enterprise:-

After establishment of organization, he should look for smooth run of organization which needs management function, which includes planning, organizing, staffing, directing and controlling. Entrepreneur has to take care of these things once it is set up.

## NISME

Small scale industries is converted in to NISME in the year 2007 by government of India. NISME stands for Micro, Small, & Medium Enterprises. This NISME is classified or defined as follows.

Government of India distinguished Enterprises in the manufacturing and Service Sector. The individuals are classified based on the above said factors. Enterprises are classified based on the investment involved in starting the enterprise.

### Manufacturing Sector :

Micro Investment upto 25 lakh

Small Investment from 25 lakh to 5 crore

Medium Investment from 5 crore to 10 crore

### Service Sector

Investment upto 10 lakh

Investment from 10 lakh to 2 crore

Investment from 2 crore to 5 crore.

Investment includes plant equipment, machinery or any other device excluding land, building or other infrastructure.

## Business Environment in India :-

For any business, environment has to be checked and it should be conducive to start any business venture. An entrepreneur has to scan the environment for his business venture. Following are the business environment factors which are very much essentials because based on those factors business success or failure depends.

### 1) Poor formation of Capital Investment:-

Finance is the vital factor which plays important role in starting business. Lack of capital investment leads to <sup>lacking</sup> initiation in many business venture.

### 2) Low Income level:- per capita income is less in nation hence majority people will not get courage to start venture.

### 3) Low Technology:- Technology upgradation is necessary for improvement. But <sup>obsolete</sup> technology made process slow & sluggish.

4) Labour problem:- Lack of skilled and semi skilled labour. Labour are illiterate and uneducated is the problem to start or use of high technology.

5) Lack of Diversification:- Entrepreneurs has to think about other products which gives benefits to the organisations. Diversification of products are required

6) UnderUtilization of capacity:- Underutilization of capacity of plant leads to increase in cost of production and leads to low profit or loss.

7) Government Interference:- Government has to provide easy facility to start business so people come forward and start business. Due to government policies like taking license to start any venture demotivates the people, in order to get license awareness is required & Customer Care Centre has to provide. Need to address Corruption problems, delay in sanctioning the files etc.

8) Finance Marketing:- Due to competition there is no buyers in the market. Very few institute provide Capital investment assistance. These things has to be addressed.

## Characteristics of MSME :-

- ① Low Capital investment is required & less people are needed.
- ② Generally owned by an individual or at most two people.
- ③ Generally these are family owned business industries.
- ④ It is funded by owners' savings or short term loans.
- ⑤ Workers are not well recognised and do different work as need arises.
- ⑥ These industries face very tough competition.
- ⑦ Chances of very early closure.
- ⑧ Innovation and Risk are very high.
- ⑨ Very few will grow as medium scale industries.
- ⑩ Uses the locally available resources.

## Advantages of KTS KALI :-

- ① It provides the employment opportunity very rapidly at low investment. It Share around 70% of employment opportunity.
- ② It contributes 35% of product manufacturing.
- ③ It contributes around 40% of export business.
- ④ It enhances the standard of living.
- ⑤ It generates the revenue in the form of Sale tax, General tax, Import duties, Excise duties etc.
- ⑥ It utilises the locally & naturally available resources.
- ⑦ It develops the rural and underdeveloped areas.
- ⑧ It balances the geographical area in terms of employment, resources etc.
- ⑨ It mobilizes the available resources.
- ⑩ It helps the <sup>overall</sup> Country's development.

# Liberalisation, Privatisation & Globalisation (LPG)

India faced economic crisis in the year 1991. To develop the ~~country's~~ economy status of nation government has introduced new policies in the name of LPG. This is started by Prime minister P.V. Narsimha Rao for economic reformation of country. This particular policy helped India to achieve new heights in economic sector.

## Liberalization:-

It means removal of entry & growth restrictions on the private sector enterprises.

## Objectives:-

- 1) Encouraging the industries to invest in new venture.
- 2) Removing unnecessary restriction.
- 3) Encouraging to use latest technology.

Economic reformation took place in following areas.

- 1) Industrial Sector Reform :  
1) Abolishment of industry license  
2) Decrease in role of public sector.
- 2) Financial " :-  
regulator to facilitator 1) Role of RBI changed from  
2) Result of this is many private banks.
- 3) Tax " :-  
1) Reduction in Tax  
2) Reform of indirect tax. 3) Simplification process.
- 4) Foreign " :-  
1) Devaluation of Rupee  
2) Market determination of exchange.
- 5) Trade & Investment "  
1) Trade restriction removed  
2) Import & Export restriction removed.  
Ex: Electronic & Computer Industries.

### Privatisation :-

Privatisation means transfer of ownership, management and control of public sector enterprises to the enterprises in the private sector.

### Objectives :-

- 1) To improve the financial condition of government
- 2) Raising govt funds through deinvestment.
- 3) Reducing the work load of Government.
- 4) Providing better goods & service to the consumers.

## Some public sector organizations :-

- 1) IOCL → Indian Oil Corporation Limited
- 2) SAIL → Steel Authority of India Ltd.
- 3) BHCL → Bharat Heavy Electrical Ltd.
- 4) MTNL → Mahanagar Telephone Nigam Ltd.
- 5) BSNL → Bharat Sanchar Nigam Ltd.
- 6) AAI → Airport Authority of India.

Because of privatisation many players come in to the business market hence it leads to competition due to that customers started getting good products & service at least cost.  
e.g. Telephone (ITI), Life Insurance (LIC)

## Globalisation:-

Globalisation is the outcome of policies of liberalisation & privatisation.

Globalisation mean opening up of economy for the world market by attracting international competencies.

"Globalisation integrates the national economy with world economy through removal of barriers on international trade and capital movements".

India has started exporting its products and service to the other nation due to this globalisation ~~policy~~ policy. It started exporting Steel, Pharma products, and IT sector along with BPO.

Globalisation has its advantages as well disadvantages. But due to introduction of globalisation following changes took place.

- 1) High technology introduced.
- 2) Foreign Technology agreement
- 3) Investment limit increased.

Food processing, packed food, ready to eat

BPO - Business Process Outsourcing

## Institutional Support:-

Government of India has started many institutions to support the young entrepreneurs to start the new ventures, enterprises, industries.

These small scale industries helps the country in the form of employment opportunities, manufacture opp, export etc hence its the duty of government to extend the help to this sector.

These institutes are classified as follows.

1) All India Institute    2) State level Institute

3) Fund based Institute.

These above institutes are subclassified as

follows.

- |                       |                         |              |
|-----------------------|-------------------------|--------------|
| ① All India Institute | ② State level Institute | ③ Fund Based |
| (a) NABARD            | (b) KSEBIDC ✓           | (a) PDBI     |
| (b) NSIC ✓            | (c) TECSONK ✓           | (b) SIDBI    |
| (c) DSSI              | (d) DIC                 | (c) KSFBC    |
| (d) SIDDO             | (e) KIADB               |              |

# ① NSIC :- National Small Industries Corporation :-

This is national level institute, govt of India has started this institute.

The main objectives of this institute is to promote and develop the small, village and cotton industries.

Established in 1955.

① It provides the machinery / equipment on hire basis.

② It also provides the raw materials required.  
(like iron, steel)

③ It assist in the marketing and exporting the goods produced.

④ It enlist the entrepreneurs to provide tender participation.

⑤ It provides the training to the individuals.

⑥ Assistance in the modernisation of units.

Helps in getting loans.

## ② KSSIDC :- Karnataka State Small Industrial Development Corporation

SSIDC were started in the year 1956.

It is started in all the States of India. To promote the rural, village, cotton industries.

different state SSI DC gives different importance based on the availability of raw material, skilled available etc. Functions of KSSIDC are as follows.

- ① It provides the equipment / machinery on the rent basis.
- ② It organizes / arranges the raw material, resources required.
- ③ It helps in the marketing and export business.
- ④ \* It provides industrial estate / sheds, infrastructure, basic infrastructure, amenities etc.
- ⑤ \* It helps in Capital seed investment.
- ⑥ \* Providing management assistance to production units.

An industry prosperous Karnataka is the vision of KSSIDC.

⑤ KSFC :- Karnataka State Finance Corporation:-

It is started in the year 1951.

Initially it started in the 18 states, now it's working all <sup>in</sup> the states of India.

The basic objectives/ functions of KSFC are as follows.

- 1) It provides Capital investment to start the any new venture/enterprises.
- 2) It provides financial support to the women, physically handicapped, SC/ST category people to make them self employed.
- 3) It gives term loans to purchase any equipment, land, buildings, machinery etc.
- 4) It helps ~~to~~ the sick units.
- 5) It gives financial assistance to the institute which gives awareness of entrepreneurship.
- 6) It provides EDP. → Entrepreneurship Development Program
- 7) It helps the import and export business organization.
- 8) It provides the financial assistance to the transport vehicle and tourism.