

CHAPTER - 1 ⇒ Entrepreneurship

* Concept / Meaning of Entrepreneurship :-

Who is an Entrepreneur? :-

An Entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards.

What is Entrepreneurship? :-

The process of setting up a business is known as entrepreneurship.

Entrepreneurship involves decision making, innovation, implementation, forecasting of the future, independency and success.

* Need of Entrepreneurship :-

① Increased Profit :- Profits can be increased in any enterprise either by increasing sales or reducing cost.

② Employment opportunity :- Entrepreneurship provides the maximum employment.

③ Provide Innovation :- Entrepreneurship provides new ideas and imagination.

④ Lifeline of a Nation :- No country can progress without the development of entrepreneurship.

⑤ Develops Entrepreneurship :-

Entrepreneurship is the nursing ground for new inexperienced entrepreneurs.

⑥ Impact on community development :-

It promotes a higher level of township, better sanitation facilities and promote recreation activities.

⑦ Promotes research and development:- Entrepreneurship promotes different types of techniques, ideas and methodology.

⑧ Ability to take Risks:- This is the first and foremost trait of entrepreneurship.

* Features:-

⑨ Innovation:- Innovation basically means generating a new idea with which an entrepreneur can start a business.

⑩ Leadership:- An entrepreneur has a vision. However, it takes a lot of resources to turn that vision into reality.

⑪ Open Minded:- A good entrepreneur realizes that every situation can be a business opportunity.

⑫ Confident and Well Informed:- An entrepreneur needs to be confident about his ideas and skills.

⑬ Flexible:- An entrepreneur should be flexible and open to change according to the situation.

⑭ Creativity:- Entrepreneurship starts with an idea.

⑮ Initiative:- This is the unique characteristic of an entrepreneur.

* Qualities of Entrepreneur:-

① Hard Work:- The successful entrepreneurs are very hardworkers.

② The Organizer:- An entrepreneur is one who is expert in organizing the resources for building the business and running it successfully.

③ Risk Takers:- Entrepreneurial success is usually experienced by people who are not afraid to take a chance or risk.

- ④ Clarity :- An entrepreneur should have clear objective.
- ⑤ Commitment :- He must be a person with full commitment to his objectives.
- ⑥ Competence :- An entrepreneur should be a man of competence which include knowledge and information.
- ⑦ Self-Confidence :- An entrepreneur must have self-confidence in his ability to complete the task or to meet a challenge.
- ⑧ Co-operative :- Co-operation is one of the important qualities of an entrepreneur.

* Characteristics of Entrepreneurship :-

① Innovation :-

- Entrepreneurship is innovation process.
- It does not mean invention.
- It means introducing new products, new technology, searching new market and discovering new source of raw material etc.

② Risk bearing :-

- Business is full of risks and uncertainties.
- The entrepreneur has to bear a no. of risks in forming & running the enterprises.

③ Decision makings :-

Entrepreneur have to take decision on selection of product, site, raw material, labour, technology etc.

④ Dynamic Process :-

The nature of enterprise, methods of bearings, nature of technology change over a period of time.

⑤ Organizing Process :-

Entrepreneur has to organize various factors of product, create an organization structure & defines the responsibilities of personnel & manage the enterprises.

⑥ Accepting Challenges :-

- Gives importance to accepting challenges by the entrepreneur.
- In today's era of globalisation & hyper change entrepreneurs have to face more challenges.

⑦ Management :-

- Should manage the resources in an effective and variable manner.

* Functions of Entrepreneurship :-

① Innovative :- Who tries to develop new technology, products and markets.

② Bearer of risks and Uncertainty :-

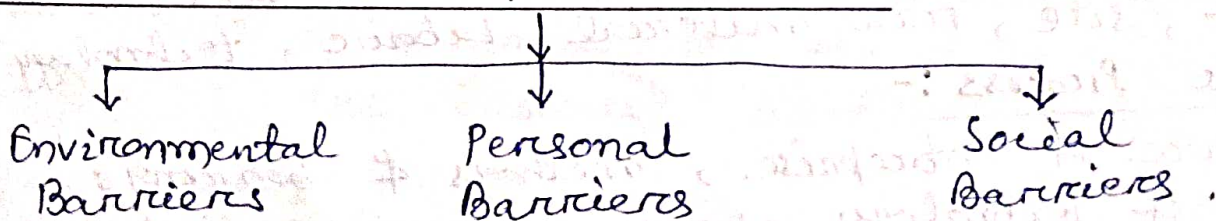
Prepared for the losses that may arise because of unforeseen contingencies in future.

③ Promoter :- They conceive the business idea. Conduct feasibility studies take steps to get the company registered and raise capital for the company from the public and other sources.

④ Supplier of capital :- They supply initial capital to the business.

⑤ Manager :- The entrepreneur plans organises, directs and controls the activity of the business.

* Barriers in entrepreneurship :-



(A) Environmental Barriers :-

(1) Non-Availability of Raw Material :-

Specially during peak season is one of the obstacles inhibiting entrepreneurship.

This lead to competition for raw material.

(2) Lacked of good machinery :-

Good machies are required for the production of goods, because of rapid technology developments, machines become obstacle very soon.

(3) Lack of Skilled Labour :-

Most important resources in any organisation. Unfortunately desired manpower may not be available in an organization.

(4) Lack of Infrastructure :-

Lack of infrastructure poses is a major barrier to the growth of entrepreneurship, particularly in under

Infrastructure includes land & building availability & proper transportation, water & drainage policies etc.

(5) Lack of Fund :-

There are various methods by which an entrepreneur arrange for funds. Many people do not enter into entrepreneurship activities because of lack of fund.

(6) Lack of other Environmental Barriers :-

Lack of business education, Lack of motivation from government, high cost of production etc.

(B) Personal Barriers :-

(1) Unwillingness to Invest Money :-

Even though people have money. Still they donot care in entrepreneurship. They are not will to take the risk of investing money in Business.

② Lack of Confidence :-

Many people think that they lack what it takes to become an entrepreneur. They feel that they could not master as the stability.

③ Lack of Motivation :-

→ When an individual starts a new venture, he is filled with enthusiasm and decide to achieve success.

→ But when he focuses or faces the challenge of real business or bears loss as his ideas don't work, he loses interest or motivation.

④ Lack of Patience :-

The desire to achieve success in the first attempt or to become such very soon is the prime motivating factor of modern youth. When such dreams don't come true, they lose interest.

⑤ Inability to Dream :-

Entrepreneurs who are short on vision or become satisfied with what they achieve. Sometimes lose interest in further expansion.

③ Social Barriers :-

① Low Status :- The society thinks that entrepreneurs are the people who explode the society. Thus the attitude of the society towards entrepreneur is not positive.

② Custom & Tradition of People :-

Most people want a real job.

Even parents who are entrepreneurs wouldn't use their children to be same.

Thus lack of support from society & family hinder the growth of entrepreneurship.

Entrepreneur

Manager

① Motive :- To start a venture by setting up an enterprise.

② Status :- Owner of the enterprise.

③ Risk bearing :- Take all risks in the running enterprise.

④ Rewards :- Unpredictable profit.

⑤ Innovation :- Thinks over what to do, how to do, i.e. change agent.

Note :- An entrepreneur also, but a manager

⑥ Entrepreneur is an owner.

① To render his services in an enterprise already set by someone else.

② Servant in the enterprise.

③ No risk involved in the enterprise.

④ Fixed salary of the Manager.

⑤ Simply execute the plans prepared by entrepreneur.

can be a manager can not be an entrepreneur.

⑥ Manager is a servant.

* Forms of Business Ownership :-

① Sole Proprietorship.

② Partnership.

③ Joint Hindu Family.

④ Cooperatives Societies.

⑤ Company Organization.

* Sole Proprietorship :-

Business owned, managed and controlled by single individual.

Features :-

- (i) Single Ownership :-
 - owned by
 - capital supplied bySingle individual.
- (ii) Individual risk bearing :-
 - Risk/Loss bear by
 - Income/ProfitSingle individual.
- (iii) No separate legal entity :-
 - No difference between owner & enterprise in the eyes of law.
- (iv) Freedom of operation :-
 - Minimum govt. interference.
 - No legal formality to start, manage, dissolve b/s \rightarrow business.
 - Licence necessary in certain type of b/s only.
- (v) Unlimited Liability :-
 - Owner/Sole proprietor himself is responsible for all losses.
 - If b/s assets are not sufficient to pay off debts \Rightarrow sell personal property to pay debts.
- (vi) One Man control :-
 - Proprietor \Leftrightarrow Sole owner \Rightarrow So full control over b/s.
- (vii) Small Size :-
 - Funds arrange \rightarrow one person.
 - manage & controlSole proprietor can arrange limited funds & has limited managerial ability.
 \therefore Scale of operation is small.

(vii) Lack of b/s continuity :-

- Business (b/s) and owner are one.
So death, insolvency, incapacity will have direct effect on business.

* Types of Industries :-

Industry is concerned with the making or manufacturing of goods.

The industries may be classified as under:

① Primary and Genetic Industry :-

Genetic Industry is related to the reproducing & multiplying of species of animals & plant with the object of earning profits from their sale.

→ Nurseries, cattle breeding, fish hatcheries, poultry farms are all covered under genetic industry.

② Extractive Industry :-

→ The extractive industry is engaged in raising some form of wealth from the soil, climate, air, water or from beneath the surface of the earth.

→ Mining, fishing & hunting is covered in this industry.

③ Construction Industry :-

→ This industry is engaged in the creation of infrastructure for the smooth development of the country.

→ These industries are engaged in the construction of buildings, roads, dams, bridges etc.

④ Manufacturing Industry :-

→ This industry is engaged in the conversion of raw-materials into semi-finished or finished goods.

→ This industry creates form utility in goods by making them suitable for human use.

Manufacturing industry may be classified as follows:

Analytical Industry :-

- One product is analysed and many products are received as final products.
- By processing of crude oil we get kerosene, petrol, gas and diesel etc.

Process Industry :-

- In this industry a product passes through various processes to become a final product.
- In case of cotton textiles, cotton passes through ginning, weaving & dyeing process to become cotton cloth.

Synthetic Industry :-

- In this industry many raw materials are brought together in manufacturing process to make a final product.
- In manufacturing cement, rocks, gypsum, coal etc are separate required.

* Entrepreneurial support agencies at National, State, District level (Sources) :-

DIC :- (District Industries Centre)

DIC is a central sector scheme with the objective of promoting small village and cottage industries in a particular area.

The DICs have been established in various districts of India at varying times since 1978 when it was launched.

NSIC :- (National Small Industries Corporation)

NSIC is an ISO 9001:2015 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME).

NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country.

OSIC :- (Odisha Small Industries Corporation Ltd)
The OSIC was established on 3rd April, 1972 as a wholly owned Corporation of govt. of Odisha.

SIDBI :- (Small Industries Development Bank of India)

SIDBI set up on 2nd April 1990 under an Act of Indian Parliament, acts as the Principal financial institution for promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged.

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

NABARD came into existence on 12 July 1982 by transferring the agricultural credit functions of RBI and refinance functions of the then Agricultural Refinance and Development Corporation (ARDC),

Commercial Banks :-

A commercial bank is a kind of financial institution that carries all the operations related to deposit and withdrawal of money for the general public, providing loans for investment and other such activities.

KVIC :- (Khadi and Village Industries Commission)

The Khadi and Village Industries Commission (KVIC) is a statutory body established by an Act of Parliament (No. 61 of 1956, as amended by act no. 12 of 1987 and Act No. 10 of 2006. In April 1957, it took over the work of former All India Khadi and Village Industries Board.

* Technology Business Incubators (TBI) :-

- An attractive innovation for entrepreneurs who want to start a business from zero.
- It is provided by an organization.
- This organization or centre is known as Business Incubators.
- They provide shared office space, management support service, & management advice to entrepreneurs.
- A business incubator is an organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services.

Science and Technology Entrepreneur Parks (STEPs):-

- STEPs is autonomous body.
- STEPs create necessary climate for innovation, information exchange and opening new avenues.
- STEPs programmes was initiated by the NSTEDB.
NSTEDB ⇒ National Science and Technology Entrepreneur Development Board.

* Types of Entrepreneur :-

I. Based on Risk :-

① Innovative Entrepreneurship :-

Comes up with new idea and turns them into viable business & find new ways to market the products that make their business stand out from the crowd & sometimes create a new crowd.

② Initiative Entrepreneurship :-

Implements current techniques from which they copy certain business ideas & improve upon them as to gain an upper hand in the market.

③ Fabian Entrepreneurship :-

Concerned with such business organisations in which the individual owner does not take initiative in visualizing and implementing new idea & innovation. Try to follow the beaten track created by the predecessors.

④ Drone Entrepreneurship :-

Concerned with such business in which owners are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership.

II. Based on type of Business :-

① Agricultural Entrepreneurship :-

Covers a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization & agricultural technology.

② Manufacturing Entrepreneurship :-

Identifies needs of customers & then explores the resources & technology to be used to manufacture the product to satisfy those needs by converting raw material into finished products.

③ Trading Entrepreneurship :-

Procures finished products from manufacturers and sells rise to customers either directly or through middle man.

III. Based on use of Technology :-

① Technical Entrepreneurship :-

Deals with establishing & running industry based on science & technology, They use innovative methods of production.

② Non-Technical Entrepreneurship :-

Concerned with the use of alternative and initiative methods of marketing & distribution strategies to make their business survive and thrive in a competitive market.

IV. Based on Ownership :-

① Corporate Entrepreneurship :-

It was pioneered by Burgelman. Corporate ownership is where an individual through innovation & skill organises, manages & controls a corporate undertaking efficiently.

② Private Entrepreneurship :-

Where an individual sets up a business as a sole owner of the business & bears the entire risk involved in it.

③ State Entrepreneurship :-

Where trading as industrial venture is undertaken by the state or the government.

④ Joint Entrepreneurship :-

It implies a joint business enterprise between a private entrepreneur & the government.

V. Based on size of Enterprise :-

① Micro Enterprises :-

Business with a turnover of upto Rupees 5cr.

② Small Scale Entrepreneurship :-

Having turnover of more than Rs 5 crore but not more than Rs 75cr.

③ Medium-scale Entrepreneurship :-

With turnover more than Rs 75cr & upto Rs 250cr.

④ Large-scale Entrepreneurship :-

Business with turnover over Rs 250 crore.

VI. Based on Gender :-

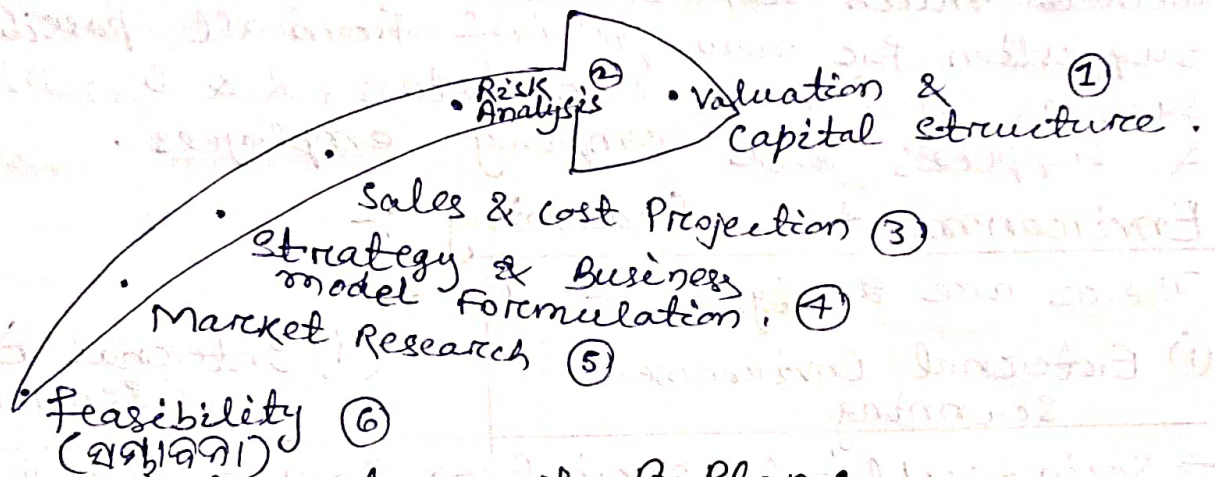
Women Entrepreneurship :- The govt. of India defines women entrepreneurship as "a business enterprise which is owned & managed & controlled by women having a minimum financial interest of 51% of the capital & giving at least 51% of employment generated in the enterprises to women".

CHAPTER-2 ⇒ Market Survey and Opportunity Identification (Business Planning) :-

* Business Planning Process :-

Business Plan is a written document prepared by entrepreneur that describe all the relevant external & internal elements involved in starting a new venture. It is an integration of functional plans such as marketing, finance, manufacture and human resource plan.

A business plan is a blue print of step by step process that would be followed to convert business idea into successful business venture. Business plan is also known as B-plan or Blue Print.



Objective or Importance of B-Plan :-

- 1 To persuade others to join business.
- 2 To give direction to the vision formulated by the entrepreneur.
- 3 To objectively evaluate the prospectus of business.
- 4 To seek loans from financial institutions.
- 5 To identify resources required for business.
- 6 To identify challenges in terms of opportunities and threats from external market.
- 7 To identify actual strength or weakness of plan.