

SYLLABUS

Class - B.Com. (Hons.) II Sem.

Subject - Development of Entrepreneurship

UNIT - I	Entrepreneurship - Meaning, Concept, Characteristics of entrepreneur.
UNIT - II	Types of Entrepreneurship, importance and views of various thinkers (Scholars). - Formation of goals, How to achieve goals. - Problems in achieving targets and solution. - Self motivation, elements of self motivation and development - Views of scholars, evaluation, solutions. Leadership Capacity: Its development and results.
UNIT - III	Projects and various organization (Govt., Non-Govt.), Govt. Projects, Non-Govt. Projects. Contribution of Banks, their limitations, scope.
UNIT - IV	Functions, qualities, management of a good entrepreneur. Qualities of the entrepreneur (Modern and traditional). Management skills of the entrepreneur. Motive factors of the entrepreneur.
UNIT - V	Problems and Scope of the Entrepreneur: - Problem of Capital - Problem of Power - Problem of Registration - Administrative problems - Problems of Ownership

CLASS - B.COM. II SEM.

SUBJECT- ENTREPRENEURSHIP

UNIT- II
TYPES OF ENTREPRENEURSHIP

Social and economic circumstances and conditions of various countries are different. Levels of their development too are different and views towards entrepreneur too are different hence forms/ patterns or types of entrepreneurship too are different on various basis or types of entrepreneurship are as follows:

1. On the Basis of Size

Sizes of all industries and trade are different.

- a. **Big Entrepreneurship** – Tata, Birla, Ambani, Dalmia, Singhaniya etc. are the entrepreneurs of this Class.
- b. **Small Entrepreneurship** – When less capital is invested in industry and trades, less machines are used, number of labour and employees is less, production and marketing process are very simple production and marketing of products is done in very less quantity. Small entrepreneurship is helpful in providing employments to more persons, making balanced industrial development, and making maximum use of local resources.

2. On the Basis of Sector

On the basis of sector, entrepreneurship has been divided into following types:

- a. **Urban Entrepreneurship** – When any industry and trade is established and operated in urban, areas then such entrepreneurship is called urban entrepreneurship
- b. **Rural Entrepreneurship** – When any Industry or trade is established and operated in rural areas then such entrepreneurship is called rural entrepreneurship

3. On the Basis of capital Ownership

On the basis of ownership of capital investors in industries and trades entrepreneurship has been divided into following types:

- a. **Private Entrepreneurship** – When any entrepreneur established and operates any enterprise in private ownership.
- b. **Public Entrepreneurship** – When central government of any nation or government of any province establishes and operate any industry or trade keeping in view the interest of people bears the risks and earns the profit, then such entrepreneurship is called public entrepreneurship
In communist countries, e.g., Soviet Russia, Yugoslavia, China etc., public entrepreneurship was predominant till 1985.
- c. **Co-operative Entrepreneurship** – When many persons together established any industry or trade in co-operative form, bear all the risk of business and earn gain then such entrepreneurship is known as co-operative entrepreneurship.
- d. **Joint Entrepreneurship** – When any industry or trade is established and operated in joint ownership of central government or Provincial government and any industrialist/trader, then such an entrepreneurship is called joint entrepreneurship.

4. On the basis of Localization

On the basis of localization the types of entrepreneurship are as follows

- a. **Centralized Entrepreneurship** – When there is sufficient availability of suitable infrastructure, raw material and industrial environment at any one place or region, and then many industries are established at that place or region. Such entrepreneurship is called centralized entrepreneurship.
- b. **Decentralized Entrepreneurship** – When entrepreneurs of our country establish their industry and trades in different parts and regions of the country then such entrepreneurship is called decentralized entrepreneurship.

5. On the basis of Attitude towards Innovations

On the basis of attitude towards innovations and research as entrepreneurship can be divided into following divisions:

- a. **Evolutionary Entrepreneurship** – When entrepreneurs show hesitation to implement new innovations and inventions in their industries and trade and adopt traditional techniques, traditional production methods and traditional marketing then such entrepreneurship is called evolutionary entrepreneurship.

- b. **Revolutionary Entrepreneurship** – When entrepreneurs implement innovations, advanced technology, modern production methods in their industries and trades then such entrepreneurship is called revolutionary entrepreneurship.

6. On the Basis of Types of Leadership

On the basis of types of leadership, entrepreneurship is of following types:

- a. **Group Entrepreneurship** – When scale of production is large, then many complexities increase in the industries. Leadership and operation of entrepreneurship is done by technical, economic and marketing, group of specialists. Such entrepreneurship is called group entrepreneurship
- b. **Individualistic Entrepreneurship** – When the scale of production is very small then establishment and operation of enterprises is very simple. In such enterprises management and operation is done by one person only.

7. On the Basis of Motivational Factors

The types of entrepreneurships on the basis of motivational factors are as follows:

- a. **Spontaneous Entrepreneurship** – When any entrepreneur adopts entrepreneurship due to internal motivation in place of external motivation then such entrepreneurship is called spontaneous entrepreneurship
- b. **Motivated Entrepreneurship** – The entrepreneurs who have firm belief on their ability, courage and hard work they are motivated by the desire of utilizing their commercial ability, technical and managerial skill and adopt entrepreneurship.
- c. **Induced Entrepreneurship** – When Central government, State government or local governments encourage entrepreneur to establish industries.

Importance of Entrepreneurship

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| 1. Unification of Resources | 8. Proper Utilisation of capital |
| 2. Industrial Development | 9. Increase in Innovations |
| 3. Economic Development | 10. Increase in opportunities Employment |
| 4. Development of National Self-reliance | 11. Increase in Per capital Income |
| 5. Fulfillment of Needs of consumers | 12. Co-ordination with National and International Changes |
| 6. Balanced Regional Development | |
| 7. Community Development | |

Theories of entrepreneurship

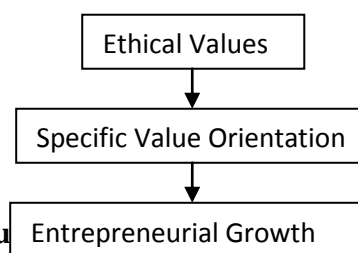
Theories of entrepreneurship belongs to various schools of thought

Different theories of, entrepreneurship are based on different approaches to functions and behavioural patterns of the entrepreneur.

1. **Risk Bearing Theory of knight** – A key element of entrepreneurship is risk-taking. Prof. Knight and John Staurt Mill saw risk-bearing as the distinguished function of entrepreneurs. Some important features are.
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|------------------------------|---|
| a. Risk creates Profit | d. Entrepreneur's Income is Uncertain |
| b. More Risk More gain | e. Profit is a reward for uncertainty Bearing |
| c. Profit as Reward and Cost | |
2. **Innovation Theory of Schumpeter** – Joseph Schumpeter has stressed "innovation" as being the key factor in entrepreneurship. He says that the ' entrepreneur is the central figure in the development process of a country. He regards innovation as a tool of entrepreneur. The entrepreneur is viewed as the 'engine of growth.
- Linchpin of Economy – His task is “creative destruction” of capital. He takes, capital from less productive sectors of the economy and invest it in new, growing, more profitable industries.
 - Innovating Giant – Schumpeter writes that the entrepreneur in an advanced economy is an individual who introduces something 'new' in the economy.
 - Leadership Rather than Ownership
 - Dynamic disequilibrium
 - Exploiting Opportunities
 - Minimization of Consumer Sovereignty
 - Gradual change

3. **Leibenstein's X-efficiency Theory** – Every firm has certain inputs which can be used by it with various degree of effectiveness. The more effectively they are used the greater the output. According to Leibenstein, "when an input is not used effectively the difference between the actual output and the maximum output attributable to that input is a measure of the degree of "X-efficiency"
4. **Trait Approach Theory of Entrepreneurship** – Psychologists have investigated the personality characteristics of entrepreneurs in an attempt to understand why some people become entrepreneurs and others don't this is known as the trait approach. David C. McClelland is most closely associated with the study of the 'achievement motive' -which can be used to explain entrepreneurial behaviour. 'This is a psychological theory of entrepreneurship.' Entrepreneurship is very closely related to achievement motive of a person
Three traits which investigators have shown to be entrepreneurial are:
 - a. The need for achievement
 - b. The internal focus of control, and
 - c. A tolerance ambiguity
5. **Economic Theory of Entrepreneurship** – According to Papanek and Harris, who' are the main advocates of this theory, economic incentives are the man drive for entrepreneurial activities. There are many economic factors which promote entrepreneurship in a country.
6. **Sociological Theory of Entrepreneurship** – Cochran pointed out that the entrepreneur represents society's model personality. Society's values also determine the attitudes and role expectations of people. In most countries, entrepreneurs have emerged from a particular socio-economic class. It can be noted that various communities and castes like can samurai in Japan, family pattern in France, Yoruba in Nigeria, Kikuya in Kenya, Christians in Lebanon, Halai Memon industrialists in Pakistan, Parsees, Marwaries and Gujarati's in India have been the sources of entrepreneurship.
7. **Hagen's Theory of Entrepreneurship** – One important theory of entrepreneurial, behaviour has been propounded by Hagen which is referred to as the withdrawal of Status Respect.
According to Hagen (1962), the creativity of a disadvantaged minority group is the main source of entrepreneurship; he developed this thesis from the case of the samurai community of Japan.
8. **Albert Shapero's Theory of Entrepreneurship** – Albert Shapero has described the entrepreneurial event formation, process. This is the actual activity of starting an enterprise. Shapero says that the process begins with a life plan Change.
He says that 'perceptions of 'desirability' must also be positive if the process is to continue.
He further pointed out that 'perceptions of feasibility must also be present. Entrepreneurial activity must appear do-able.
9. **Max Weberian Model of Entrepreneurship** – Max Weber was first to argue that the entrepreneurial growth was dependent upon 'ethical value system' of the society concerned. Entrepreneurship developed rapidly in those societies where ethical values provided independent capacity of decision making.

Max Weber's theory is shown



10. **Exposure Theory of Entrepreneurship** – Max Weber argued that "nor religion but exposure to new ideas and values was the common factor between Parsi and Hindu entrepreneurs" which led them to manufacturing.
11. **Political System Theory of Entrepreneurship** – Many scholars have consensus on the view that ethical -value system, disadvantaged minority group morale, need achievement motivation, and exposure to new ideas and opportunities cannot fully explain the growth of entrepreneurship unless the political. Structure' political policies and political system elements are taken into consideration.

According to Hoselitz Japanese entrepreneurs could flourish because her political system was able to properly integrate the various sectors.

12. **'Regional Climate' Theory of Entrepreneurship** – This analysis revealed that Gujarat had favorable to business and industry; it also proved that even the Parsis showed high entrepreneurship because they belong to Gujarat. Thus, it can be concluded that the industrial climate may have a very significant impact on the response of entrepreneurs.

Conclusion – It can be said that entrepreneurship is the outcome of a complex and varying combinations of socio-economic, psychological and other factors. A realistic prospective should take them together.

Meaning of Goals

Objectives are the specific targets or standards against which actual performance can be measured. "It is a future target or end result that an organization wishes to achieve." Planning will be meaningless if objectives are not framed. Objectives serve as a guide to planning i.e., planning is directed towards meeting the specific objectives.

Levels of Goals

- a. **Strategic goals** – The formal goals framed by the top management which address the issue related to the organization as a whole are known as strategic goals.
- b. **Logical goals** – These are the goals of the specific departments and are usually set by the middle level managers. While strategic goals are generally in nature practical goals are more specific.
- c. **Operational goals** – These goals are set by lower level managers for the divisions or sub-units of each department. As tactical goals help in the achievement of strategic goals. Operational goals help in the achievement of both strategic and tactical goals.

Characteristics of Goals

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| 1. Challenging | 5. Supportive |
| 2. Attainable | 6. Hierarchy |
| 3. Specific and Measurable | 7. Priority |
| 4. Time-Limited | |

Benefits of Goals

1. Setting challenging and innovative goals increase the employees to work harder.
2. Objectives' provide a basis for all the managerial functions (planning, organizing, directing, staffing and controlling)
3. Policies, Programmes, procedures etc. too are directed towards the achievement of organizational goals.
4. Goals provided standard of performance and are, therefore very closely associated with the controlling function
5. Goals facilitate rational and scientific behaviour to be observed by organizational members.
6. Attainment of goals at any level enhances the employee's satisfaction and morale and subsequently increases their motivation to work for the accomplishment of other goals at the higher levels.
7. Goals help in providing direction to the organizational activities.

Problems of Goals Setting

1. Increased Risk
2. Increased Stress
3. Decreased Motivation or Self Confidence
4. Encouragement to Unfair Practices.

Ways of overcoming problems

1. The risk of non-achievement of goals can be reduced by setting the rational and scientific goals which are fairly capable of being achieved.
2. The increased level of risk can be reduced by reducing the standard of goals or appointing extra staff to help in the attainment of organizational goals
3. The non-achievement of goals should be followed by frequent feedback and participation of superiors and subordinates to analyses the reason for failure to achieve the objectives.
4. Non-achievement of goals should not be followed by punitive actions.

SELF-MOTIVATION

When any entrepreneur established and operates any enterprise being motivated with internal motivation then he has very emotional affinity towards, the enterprise, because of emotional affinity for getting success in enterprise. He can go upto any limit for obtaining success in enterprise. The entrepreneur motivated with self motivation implements new techniques and innovations in his enterprise so that production of articles according to the demands and requirements of modern times may take place and consumers may get full satisfaction. They have not to depend on the mercy of others making their enterprises advanced.

ELEMENTS OF SELF-MOTIVATION AND DEVELOPMENT

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| 1. Firm Will Power | 6. Dedication |
| 2. Self-confidence | 7. Enthusiasm |
| 3. Initiation | 8. Continuous Evaluation |
| 4. Positive Thinking | 9. Self inspection |
| 5. Tendency of continuous Learning | |

LEADERSHIP CAPACITY

Leader capacity is very essential in a successful entrepreneur. Leadership capacity of an entrepreneur increases due to presence of leadership quality in entrepreneur. According to Schumpeter, an entrepreneur is a leader of business world. He provides leadership to industries and trades and provides a new direction also to our country.

Meaning of Leadership

In ordinary sense leadership means that Particular quality of a person, by which he guides other persons and employees working under him and motivate them to follow him. In short, "Leadership is that capacity by which a leader gets done all the desired works by a group of followers without any pressure and with willingness."

Nature of Leadership

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|---------------------------------|---------------------|
| 1. Presence of Followers | 5. Dynamic Process |
| 2. General Objectives and goals | 6. Ideal Conduct |
| 3. Unity of Mutual Interests | 7. Personal Quality |
| 4. Working Relationship | |

DEVELOPMENT OF LEADERSHIP CAPACITY

1. Development of skill of Influencing Others
2. Increase in communication Skill
3. Development of Ideal character
4. Development of Learning Attitude
5. Development of Habit of Continuous Hardworking
6. Development of Habit of Systematic working
7. Development of Habit of Time Punctuality

8. Development of Democratic Attitude
9. Development of Feeling of Mutual Belief
10. Development of Politeness
11. Development of Coordination Capacity
12. Development of Daring Attitude
13. Development of Optimistic Attitude
14. Development of Alertness Attitude

Unit III Projects and Various Organizations

A project is a scientifically evoked work plan devised to achieve a specific objective within a specified period of time. It presupposes commitment to task to be performed with well defined objectives, schedule and budgets. Each project differs in size, nature, objectives and complexity.

Characteristics of a Project

Though various connotations have been given to the concept of a project, they have basic characteristics:

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| a. Investment pattern | c. Time limit; and |
| b. Benefits or gains | d. Location |

Organization can be divided into three categories for entrepreneurship developments -

- I. Central level organization
- II. State level organizations
- III. Research, testing and standard organizations

I. Central level organization -

- i) Indian Institution of Entrepreneurship Development
- ii) Small Scale Industries Development Organization
- iii) Institute of Small Scale Industries Services
- iv) The National Institute for Entrepreneurship and Small Business Development (NIESBUD)
- v) Export Promotion Council
- vi) Mineral and Metallic Business Corporation of India
- vii) Nationalised Public and Co-operative Banks
- viii) Chief Controller Import and Export
- ix) State Trading Corporation of India Ltd.
- x) National Research and Development Corporation
- xi) Invention Promotion Board
- xii) Other Institutes -
 -  Export credit guarantee corporation
 -  Association of Small Scale Industries Federation of India
 -  Khadi and Village Industrial Commission
 -  All India Handicraft Board
 -  Risk Capital and Technology
 -  Commodity Board
 -  Coffee Board
 -  Tea Board
 -  Cardamom Board
 -  Rubber Board
 -  Central Silk Board
 -  Coir Board
 -  Indian Council of Arbitration
 -  Jute Corporation of India
 -  Cashwe Corporation of India

II. State level organization

- ✚ M.P. Small Scale Industries Board
- ✚ State Small Industries Corporation
- ✚ State Electricity Board
- ✚ Directorate of Industries
- ✚ District Industrial Centers
- ✚ Khadi and Village Industry Board
- ✚ State Financial Corporation
- ✚ State Mineral Development Corporation Ltd.
- ✚ State Technical Consultancy Organization Ltd.
- ✚ Pollution Prevention and Control Board
- ✚ Handloom Development Corporation

III. Research, testing and standard organizations

- ✚ National Research Laboratories and Institutions
- ✚ Indian Standard Institute
- ✚ National Testing House
- ✚ Indian Institute of Packaging
- ✚ Central Institute of Hand Tools
- ✚ Regional Testing Centers
- ✚ Central Institute of Tool Design
- ✚ The Institute of Design of Electrical Measuring Instrument

GOVERNMENT PROJECTS

Poverty increases due to unemployment. Hence unemployment is a very big and burning problem of our society. When most of our unemployed young's will get employment, then not only their poverty can reduce but many problems also generating due to poverty may reduce to large extent.

Reduction burning problems prevailing in our country like unemployment, poverty, hunger, malnutrition, etc., can be done only by establishment of mini-industries and trades. For establishing and operating any business related to agriculture or any other businesses, the shortage of capital is a great obstruction. Madhya Pradesh government has not only understood this burning problem of our young's, but also has taken a suitable initiative to solve this problem. If financial assistance to unemployed persons for setting up self employments is provided during a very short period (five or ten years) then that is known as project and if assistance is provided during a long period (more than 10 years) then that is known as scheme.

DISTRICT POVERTY INITIATIVE PROJECT

District poverty initiative projects are a Government project run with the co-operation of World Bank. This project is being run in 14 districts of Madhya Pradesh. This project was started from 1st April, 2001 in Madhya Pradesh.

Objectives of Projects

Main objectives of this project are as follows

1. To motivate unemployment persons or establishing self-employment.
2. To provide financial assistance at easy conditions for establishing self-employment.
3. To take initiation for reducing poverty.
4. To develop feeling of group ness in society.
5. To elevate living standard of common people.

INTEGRATED CHILDREN DEVELOPMENT PROJECT

Anganbari centres are being run in all districts of Madhya Pradesh by women and children development department under Integrated Children Development Project. Anganbari centres have been established in

each village and city of M.P. Many facilities and services are being provided to children of age up to 6 years, pregnant women and women having babies for keeping them healthy. Women and children of all the classes go to Anganbari centre for taking advantage of nutritious food in form of various dishes, health and checking, maintaining proper weight, vaccination, study while playing and many government schemes.

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| 1. Supplementary Nutritious Food Scheme | 6. Delivery Cooperator Scheme |
| 2. Lap-filling Scheme | 7. National Vaccination Programme |
| 3. Mother and Baby Safety-card | 8. Corn-feeding Scheme |
| 4. Mother Safety Scheme | 9. Ladli Laxmi Yojna |
| 5. Delivery Transportation and Treatment Scheme | 10. Virgin Literary Encouragement Scheme |
| | 11. Women Awareness Camp |

GOVERNMENT PROGRAMMES AND SCHEMES

The objectives of government projects, programmes and schemes are nearly similar. When financial aid is provided during a very short period (five years or ten years) for the purpose of self employment and economic development, then that is known as project. When financial assistance is provided during a long period (more than ten years), then that is known as programme and scheme.

INTEGRATED LIVELIHOOD IMPLEMENTATION PROGRAMME

Nearly 22 self-employment schemes are being operated in Madhya Pradesh for the earning of livelihood in Madhya Pradesh. There is a proposal of implementing this integrated livelihood implementation programme from 1st April, 2009 in those district of Madhya Pradesh in which District Poverty Initiative Projects are not being run.

Prime Minister Employment

Self employment is the best way to erase unemployment completely. With this view central government launched "Prime Minister Employment Yojna" on 2-10-1993. Initially this Scheme was for Urban areas but from 1-4-1994 it was made applicable to entire nation. In this scheme the loan available is sufficient and the process involved in getting the loans simple. Other benefits of this scheme are (i) a very nominal margin money; (ii) no guarantee is required & free of cost training. One can select any business/profession or an industry. The PMES is ready to give loan for any economical viable activity. However direct agriculture operations like raising of crops purchase of manure are outside the scope of this scheme. This scheme shall be implemented through DICs, state directorate of industries and Bank Branches.

Although there has been a good response to Prime Minister Employment Yojna still it is considered desirable to do something, more to evoke greater response which this scheme deserves. Attempts are being made to bring something new in the schemes so that it becomes still more popular. These attempts are as follows:

1. Awareness camps
2. Encouragement to units in Industrial Sector.
3. Effective implementation of Abhibhawak Yojna
4. Development of resources/Pressure on Management

Golden Jubley Employment Scheme

This scheme came into operation from 1-12-1997.

This scheme has been implemented in two parts, which are:

1. Swarna Jayanti Shahari Yojna
 2. Swarna Jayanti Gram Swarozgar Yojna .
1. **Swarna Jayanti Shahari Raozgar Yojna.** This Yojna provides employment to urban unemployed and Under employment people.
This scheme i.e. two i.e. (i) economic aspects and (ii) social aspect.
Under Swarna Jayanti Shahari Yojna. There is a plan to develop women and children. In this scheme poor, women of urban areas are given special encouragement. Under this scheme in addition to making women start their own business, efforts will be made to make Urban poor women self dependent.

2. **Swarm Jayanti Gram Self Employment Scheme**

This scheme started from April-1999.

Objective: To help such poor families who can come up from below poverty line within a period of three to five years. For this purpose the monthly income of selected families under the scheme will be ensured as Rs. 2.000/- monthly and in coming 5 years 30% of the poor families will be brought within the preview of the scheme.

Rani durgavati Self Employment Scheme, this scheme was started on 1-4-2003.

The objective of this scheme is to convert 5,000 educated unemployment persons belonging to SC/ST cadre into entrepreneur.

Eligibility: Under this scheme all SC/ST cadre candidates will be eligible who are:

1. Permanent resident of Madhya Pradesh.
2. Belongs to schedule caste/Schedule Tribe (certificate to this effect from competent authority must).
3. Should be of age between 18 to 50 years.
4. He should have passed at least 8th standard exam from govt. school or a school recognized by govt.

Deendayal Self Employment Scheme

Under Prime Minister Rozgar Yojna those who are having an income more than 40,000 (of family) are not eligible for any loan under the scheme. Keeping this shortcoming in mind the government has started "Deendayal Employment Scheme."

Eligibility:

1. The persons should be permanent resident of Madhya Pradesh.
2. The age of the applicant should be between 18-40 years.
3. Minimum education qualifications of the person: He should have passed 0th class or should have passed ITI Exam.
4. The income of the family of applicant must not be more than 1, 40,000/- from all sources.
5. The applicant should be registered with employment exchange.

District Industries Centres

The District Industries Centres programme was launched in 1978. District Industries Centres are the focal points which provide all services under single roof including infrastructure, technical know-how, consultancy, marketing etc., to small entrepreneurs. DICs are based on the concept of "One Window Service." These centres provide financial and other facilities to small units to develop close link with development blocks and specialized institutions in the setting up of industries in rural areas.

Pollution control Board

It was possible to start any industry without much difficulty. Out break or some diseases made the government alert, several industries creating pollution were removed to distant places and several were closed. And so to deal with the situation pollution control Board were formed.

Working of Pollution control Board

The working of pollution control board is not limited upto controlling the pollution as per rules and regulation laid down. The board also gives incentives to the industries that have effectively controlled the pollution. The MP. Govt. has declared a prize of Rs. One lac yearly which is given to such industry who has done outstanding work in controlling the pollution. It is necessary that pollution control board should be very effective & very strict so the diseases are not allowed to prevail.

Food and drugs Administration

In production of food & drugs that its components "should be proper quantity and also it is necessary that the process in making them should be proper. The rules and regulation have been made for preparation of

as also storage, distribution and sale of the items which come in the category of Mod and drugs. In Madhya Pradesh an independent department has been established to take care of all the above. The food & drug administration department is an independent directorate under M.P. Govt. Public Health and family welfare department. This department works under the guidance of minister, public health & family welfare. This also comes under the administrative control of chief secretary, public health & welfare & deptt. This department came in being 1-4-1980 as an independent department. The head of this department is director Mod & drug administration. The Head of the department is an officer of IAS Rank. This officer is independent in inspection of industries and has power to exercise strict control on medicine administration. He has a power to take decisions himself. This officer can take decision to stop any business or industry if he finds that continuation of such industry or business may cause loss to people of the state.

Electricity Board

An entrepreneur has to go through the procedure of taking electricity connection as per his setup's requirement from Madhya Pradesh electricity board. M.P. State electricity board from 15th June, 2005. The task of subs transmission and distribution of electric in M.P. has been passed on.

MUNICIPAL CORPORATION

Municipal bodies owe their origin to Britishers. Formerly it was set in the former presidency town of Madras in 1688 and followed by its establishire.tit in Bombay and Calcutta in 1762. it's the 74th constitutional Amendment act proposed to form uniform structure of municipal corporations in 1992. There after the local body acts of M.P. were amended in accordance with constitutional amendment. M.P. municipality Act came into a new from on 21st April. 1997.

Municipal corporations are prescribed to perform obligatory and discretionary functions for which finance is arranged from the following sources:

- Tax revenue
- Non-tax revenue
- Grants in aid
- Borrowing or loans

Role of Municipal Corporation in the field of entrepreneurship

A license from the local government body i.e., municipal corporation is essential for the establishment of any industry. The document requires obtaining the license are as follows:

1. The place where the factory has to be established.
2. The name of the product to be produced.
3. The limit of the production capacity.
4. Expansion of the enterprise.

Khadi and Village Industries Commission (KVIC)

As per the provisions of a Special Parliamentary Act 1956, the Government has established Khadi and Village Industries Commission.

Objectives of KVIC

1. To preserve the traditional arts and crafts in India.
2. To equip the artisans and craftsmen to take up the challenges of the modern market.
3. To promote the handicrafts, Khadi, village and cottage industry by facilitating them with the necessary inputs like raw materials, equipments, capital, etc.
4. To develop a market for these products.
5. To introduce the products even in the international market.

M. P. Financial Corporation

"The Madhya Pradesh Financial Corporation was established on 30-6-1995. The head office of this corporation is in Indore. The management of this corporation is done by board of directors in which two members are: (i) Chairman & (ii) Managing Director. Including these two there are seven directors in total.

The objectives:

The M.P. Finance Corporation has been Established mainly for the purpose of giving financial help to small and medium scale industries. The main objectives on MPFC are as follows:

1. To prepare a basic infrastructure of industrial development in N.I.P.
2. To give encouragement to industries based on new techniques.
3. To give a guarantee for payment of the cost of machines & modern plant to their suppliers.
4. To ensure quick industrial growth of the state by helping small & medium size industries.
5. To under write issue of shares, loan bonds.
6. To provide easy loans without more formalities to new entrepreneurs and also to help them in the proper utilization of financial resources they have.

Scheduled Banks

Scheduled Bank is one which is included in scheduled No: 2 of Reserve Bank Act. Only those Banks are included in above scheduled that complete following conditions:

1. The paid up capital and reserve are not less than 5 lakh of rupees.
2. The working of the Bank is not against its depositors.
3. If the Bank is foreign Bank than the country to which such bank belong should not have any law Or restriction against Indian Banks.

The Bank is registered under Indian Companies Act or any other Act.

A scheduled Bank gets following facilities:

1. Every scheduled Bank becomes member of clearing house automatically.
2. It becomes Entitled to obtain loan from Reserve Bank of India an bank rate of interest
3. To such Banks the Reserve Bank gives facility of rediscounting of first class exchange bonds.
4. Such Banks can get financial help/guidance from Reserve Bank of India in case of their facing problems
5. Reserve Bank of India gives to scheduled banks facility of money transfer.

Women Economic Development Corporation of M.P.

In order to improve the status of ladies in the society government is introducing many self employment schemes. For this government has established Women Economic Development Corporation. It has been registered on 31/10/1998.

Objects of WEDC

1. To inform women about participation in different economic activities.
2. To help them in getting financial help from banks
3. To encourage sell of their products.
4. To encourage in manufacturing of the product.
5. Purchase self/import/export
6. Organization entrepreneurship training programme.

Schemes operated by NIPWED Corporation

1. Gramya Yojan
2. Sawshakti Yojna
3. Organising Motherhood Fair
4. Manila Photocopier Scheme
5. Swayam Yojan
6. Swayam Sidhay Yojaa
7. Tankan Prakshishan Yojna

Banking:

According to Mac Donald and Keith word ‘Bank’ has been evolved from-word “Banke” of German language. According to Oxford Dictionary, “Bank is that institution, which deposits the money received from public or its customers. Its main function is to pay their cheques. It earns profit with the use of that money which has been deposits by customers in bank not using it.”

Commercial banks provide economic assistance to entrepreneurs in following forms of loans and schemes

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|------------------------|----------------------------------|
| 1) Term loans | 3) Special schemes of assistance |
| 2) Installments credit | 4) Credit guarantee scheme |

Types of Banks

- | | |
|-------------------------------------|----------------------------------|
| 1) Commercial banks | 11) Postal Saving Bank |
| 2) Central banks | 12) Offshore Banks |
| 3) Industrial bank | 13) Internet Bank |
| 4) Agricultural bank | 14) Investment Bank |
| 5) Exchange banks | 15) Merchant Banks |
| 6) Indigenous bank | 16) Universal Banks |
| 7) International banking institutes | 17) Islamic Banks |
| 8) Co-operative Bank | 18) Federal OR National Banks |
| 9) Mortgage Bank | 19) Industrial Development Banks |
| 10) Community Development Bank | 20) Land Development Banks |

Functions of Commercial Banks –

Main functions of commercial banks are as follows:

- 1) **Primary functions** – In primary functions we include –
 - a. Acceptance of deposits – This is the most important function of commercial banks. Banks accepts deposits from persons, firms and institution
The deposits can be many types as follows –
 - a. Demand deposit (current account)
 - b. Saving bank account
 - c. Home safe deposit
 - b. Lending of money – The second important function of commercial banks is lending of money. Bank earns profit through lending money.
When banks lend money to its customers, it wants some sort of security.
 - c. Discounting of bill of exchange B/E and P/N – Third important function of commercial bank is to discount B/E and P/N of his customers at a discount and thus give him financial assistance in times of need. For this service, bank charges some commission or discount.
- 2) **As Agent of customers** – Commercial banks also provide some of the important services as an agent to the customers and hence these are ‘agency services’. These services are as follows –
 - a. To make payments and also to receive payments on behalf of customer.
 - b. Payments and realization of interest of divided on behalf of customer.
 - c. Sale and purchase of debenture.
 - d. Provision of remitting facility of customer.
 - e. To work as trustee or executor of deceased on behalf of the customer.
 - f. To advise the customer from time to time and to work as his representative or grant in time of need.
- 3) **Other general utility service of banks** – Besides, above functions, banks also perform certain functions which are called general utility services. Such important services are given below –
 - a. To provide facility to lockers for safe custody of ‘valuables’ of customers
 - b. To give customers the “letter of credit” and “travelers cheques”.
 - c. To provide its customers with reference about other persons and firms

- d. To provide facility of underwriting
 - e. To accept B/E on behalf of customers.
 - f. To help customers in foreign exchanges.
- 4) **Other financial aspects:** the proposed project would earn sufficient profit only when it is financially sound. The project must be able to retrieve the investments made within its life cycle. For this purpose, the following statements must be prepared:
- a. Cost of total production
 - b. Projected profit and loss account
 - c. Project balance sheet
 - d. Cash flow statement
 - e. Break-even analysis to measure profitability

Contribution of Scheduled Banks in entrepreneurship Development –

- + Help in money transfer
- + Providing facility in payment
- + Improvement in capital productivity
- + Encourage to capital formation
- + Finance management
- + Help to business & industries
- + Encourage foreign trade
- + Entrepreneurship development
- + Flexibility of monetary system and price stability
- + Mobility of capital
- + Safety of valuables
- + Expansion of markets
- + Helps in innovative
- + Innovative banking facility
- + Other products such as:
 - o ATM
 - o Plastic money – Credit card, debit card, smart card
 - o Training
 - o Internet banking
 - o Universal banking
 - o Tele banking
 - o Mobile banking
 - o Anywhere, anytime banking etc.

Limitations/Disadvantages of Banks –

- + Fraud is more likely with an online service than physically visiting a branch.
- + There is a need to be always one step ahead of thieves so investment must be made in coming up with new ways to keep customer accounts secure.
- + Less customer contact and so it is harder to build personal relationships with customers.
- + It is harder to sell other services to customers that may be on offer. When you see a customer in person, you can say, 'have you thought about this insurance/bank loan/service?' The same happens online, but it has less impact.
- + Banks have to employ specialist web developers and expensive computers to run the site.
- + If the web site goes down then customers cannot access their accounts.
- + Centralization of economic power.
- + Additional burden on mortgage assets
- + Hard rules and tough loan recovery
- + Effect on capacity by the more burden of work

- ✚ Multi formality based process for taking loan
- ✚ Needs of security for current assets
- ✚ Problems in long term loans
- ✚ High rate of interest.

UNIT IV

I. Functions of An Entrepreneur

An entrepreneur performs all the necessary functions which are essential from the point of view of operation and expansion of the enterprise. The main functions of an entrepreneur are as follows:

1. **Planning** – Planning is the primary and first function of an entrepreneur. In the direction of setting up of an enterprise, entrepreneur prepares a blue print of proposed project in a systematic format. He determines the goals of the business, formulates policies, analyses the markets, makes forecasts and figures out programme of work to be done. The plan should describe the match between the entrepreneur's abilities and the requirements for producing and marketing a particular product. It should define strategies for production and marketing, legal aspects and organization, and accounting and finance.
2. **Risk and Uncertainty Bearing** – Risk-taking is a way an entrepreneur works. Future is unpredictable and every venture involves risks. An entrepreneur assumes the responsibility for loss that may arise due to unforeseen contingencies.
3. **Organization Building** – An entrepreneur brings together various resources of production, organizes them properly and converts them into a productive unit. He determines the goals, makes plans, assign work and co-ordinates the activities to build and organization. He supervises and controls land, and capital during the promotion and performance stages of an enterprise.
4. **Managing** – Through an entrepreneur is more than a manager, he combines in him some managerial functions. He deals with day-to-day affairs of a going concern by directing and controlling the employees. He manages time, personnel and resources. He arranges finance, coordinate work, provides infrastructure for production, sales and marketing. He frames rules and policies and formulates budget. He also assumes the role of the personnel manager.
5. **Decision – Making** – Arthur H.Cole has describe the entrepreneur as a 'decision-maker'. He takes various decision regarding following matters –
 - a. Determination of goals and objectives of the enterprise.
 - b. Procurement of machines, materials, men money and knowledge.
 - c. Acquisition of latest technology and equipments.
 - d. Introduction of new products and methods of production.
 - e. Development of market and sales strategies.
 - f. Maintenance of public relations and social obligations.
6. **Innovation** – This is very important of an entrepreneur. By performing it he brings a dynamic change in the economy. He introduces new combinations in any area of economic area of economic activity.
 - a. Launching a new product in the market.
 - b. Introduction of new method of production
 - c. Opening o a new market.
 - d. Discovery of new and better sources of raw material
 - e. New forms of organization of industry.

It is the entrepreneur who has the courage to try the new, the creative the innovative.
7. **Leading** – As an entrepreneurial venture grows, an entrepreneur takes on a new role-that of a leader. He must assume the visionary leadership.
8. **Managing Growth** – the entrepreneur must manage the enterprise growth. It includes such activities as developing and designing growth strategies, dealing with crises, exploring various avenues for financing growth and placing a value on the venture.
9. **Other functions** – Peter Kilby has listed the following functions of an entrepreneur.

a. Perceiving market opportunities	f. Managing human relations within the firm
b. Gaining command over scarce resources	g. Managing customer and supplier relations
c. Marketing the product	h. Managing finance
d. Purchasing inputs	i. Managing production
e. Dealing with bureaucrats	

- | | |
|---|--|
| <ul style="list-style-type: none"> j. Acquiring and overseeing assembly of the factory k. Industry engineering l. Upgrading process and product. | <ul style="list-style-type: none"> m. Introducing new production techniques and products n. Capital formation o. Technological break through p. Market expansion |
|---|--|
- II. Characteristics of successful entrepreneurs
- | | |
|--|---|
| <ul style="list-style-type: none"> • Self – confidence • Energy, diligence • Ability to take calculated risk • Creativity • Flexibility • Positive response to challenges • Dynamic, leadership • Ability to get along with people • Responsiveness to suggestion • Responsiveness to criticism • Knowledge of market | <ul style="list-style-type: none"> • Perseverance, determination • Resources fullness • Need to achieve • Initiative • Independence • Foresight • Profit orientation • Perceptiveness • Optimism • Versatility • Knowledge of product and technology |
|--|---|

Entrepreneurial Leadership

As entrepreneur is more a true leader and less a manager. He innovates and keeps eye on the horizon. He has long perspective in his work. He focuses on people and inspires trust.

Qualities and Roles

As entrepreneur is more a true leader and less a manager. He innovates and keeps eye on the horizon. He has long perspective in his work. He focuses on people and inspires trust.

1. **Visionary** – An entrepreneur understands the environment, being visionary and future-oriented. To establish a successful venture, he must be creative and have board understanding of internal and external environment. He must be visionary leader-a person who dreams great dreams.
2. **Urge to achieve** – Entrepreneurial leaders are challenged by opportunity. They are willing to work hard to achieve something.
3. **Sense of Purpose** – Being a leader, entrepreneur sets the stage for top performance. Agreeing on a mission builds strength.
4. **Teamwork** – An entrepreneurial leader builds teamwork.
5. **Persistence** – Through the establishment of any new venture, frustration and obstacles will occur. Only through the entrepreneur's persistence will anew venture be created.
6. **Open discussion** – An entrepreneurial leader encourages open discussion in order to develop a good team for creating something new.
7. **Strategic expertise** – The entrepreneur's success as a leader is related to his ability to link his enterprise or project to the strategy of the business.
8. **Other Qualities** –
 - a. He offers reward for excellent performance with positive results
 - b. He provides power delegating effectively, making decisions, resolving conflicts, controlling time and stimulating creativity.
 - c. He has innovative attitudes. He responds in unconventional behaviour.
 - d. He builds trust
 - e. He uses time wisely. He manages himself responsibly
 - f. He knows that time management is self-management
 - g. He pays attention through vision
 - h. He creates meaning through vision

- i. He creates meaning through communication
- j. He has positive self-regard
- k. Personal values are also important for him

Leadership Behavior of an Entrepreneur

1. They think
2. They are visionaries
3. They listen to customers
4. They understand how to manage ideas
5. They are people centered
6. They maintain a culture of "change"
7. They maximized team synergy, balance and focus
8. They hold themselves and other accountable for extremely high standards of performance
9. They refuse to take "no" for an answer
10. They create values
11. They have what to do and have fun doing it
12. They create climate of trust
13. They care for challenging goals
14. They provide the resources
15. They value the diversity of their workers.
16. They encourage creativity
17. They maintain a sense of humor
18. They keep their eyes on the horizon
19. They create motivating environment
20. Other types of behaviour:
 - a. They become a catalyst for change when change is needed.
 - b. They celebrate 'their worker's successes.
 - c. They set the example for their employees.
 - d. They respect and Support their employees.
 - e. They communicate with their employees.
 - f. They provide direction
 - g. They are good listeners.
 - h. They make unexpected connection
 - i. They protect their people from dangers and expose them to reality.
 - j. They lead by example.
 - k. They don't blame; they learn.
 - l. They build relationship.
 - m. The job of the leader is to make more leaders.

RISK TAKING BASIC QUALITY

Risk taking is the specific function of the entrepreneur. He is motivated to undertake the risks of business. He is an enterprising genius to assume risks involved in introducing new ideas, ventures and new plans. He visualizes new opportunities. He makes plans for expansion of business. All this requires the talent of highest order.

Risk and Decision Making

There are two aspects of risk which have important place in making decisions by entrepreneur. These are (a) knowledge about the need for information and, (b) availability of required and reliable information.

- a. Known-Known
- b. Known-Unknown

c. Unknown-Unknown

RISK TENDENCY AND BEHAVIOUR OF AN ENTREPRENEUR

1. Risk is a way of Enterprising
2. Risks are not ground of Action
3. Preference for Moderate Risk
4. Realistic and Attainable Goals
5. Risk Eliminators, Not Risk Takers
6. Risk is Inherent in the Communication of Resources
7. Risk is the only way to improve Entrepreneurial Performance
8. Risk is a Limit to Entrepreneurship
9. Entrepreneurs Thrive on Taking Risks
10. Tolerance for Risk and Ambiguity
11. Risk Taking propensity
12. Other Aspects of Risk Behaviour:
 - a. Risk must offer personal Satisfaction for the entrepreneur
 - b. Risk must create a challenge for him
 - c. Critical risk factor must be identified
 - d. Risk behaviour is also associated with the time awareness
 - e. Risk is a perception
 - f. Risk taking fuels creativity

ENTREPRENEURIAL DECISION MAKING

AN INTRODUCTION

An entrepreneur must realize that "there are no problems, only opportunities." Decision making is an important task of an entrepreneur. It can be said that "only entrepreneurs make decision because every decision involves an amount of risk, reward and opportunities; it defines performance and result." Effective entrepreneurs, therefore, make potential and profitable decisions make strategic decisions. They make 'right rather than acceptable decisions. Entrepreneurial decisions are not based only on good intentions; rather they contain action commitments.

HOW CAN ENTREPRENEURS MAKE BETTER STRATEGIC DECISIONS

1. Concentrate on opportunities
2. Have a vision of direction
3. Evaluate current performance results
4. Scan the external environment
5. Scan the internal environment
6. Pinpoint problem areas
7. Generate, evaluate and select the best alternative strategy
8. Implement selected strategic decisions
9. Evaluate implemented decisions

ENTREPRENEURIAL BUSINESS PLANNING

Planning is an attempt to shape the future. It is to decide where you want to arrive and how you will provide the resources you will need to get there. Planning is an important function of an entrepreneur. It gives him a sense of direction a purpose in business and ideas of resources he will need in the future. Planning is the sensible anticipation of future course of action. It is a commitment to reliable assumptions about the future.

CHARACTERISTICS OF BUSINESS PLAN

1. Business plan describe objectives and strategies

2. It addresses both short-term decisions making.
3. It is like a road map:
4. External factors such as new regulations, competition, social changes, changes in consumer needs, or new - technology are considered in business plan.
5. Potential investors, suppliers and even customers will require a business plan
6. It is prepared by the entrepreneur: however he may consult lawyers, accountants, marketing men or engineers.
7. It is ready by employees, investors, bankers, venture capitalists, suppliers, customers, advisors and consultants.
8. A business plan explains the entrepreneur's vision in writing.
9. It demonstrate implementation (strategy and operations)
10. It may function as financing proposal or investment prospectus.
11. It is strategic planning
12. It is analytical thinking and commitment of resources to action.
13. It is to make present decisions with knowledge of their future.
14. Its end results in not knowledge but strategy. Its aim is action now.
15. The business plan is only a plan that is good intentions, unless it degenerates into work.
16. From beginning to end, the business plan is a document with a purpose.

IMPORTANCE OF BUSINESS PLAN

1. To master changes
2. To achieve growth
3. To determine the resources required
4. To manage the enterprise
5. To serve throughout a venture's life
6. To survive in complex economy
7. To manage outside pressures
8. To harness energies
9. Other benefits:
 - It helps determine the viability of the venture in a designated market.
 - It provides guidance to the entrepreneur in organizing his planning activities.
 - It serves as an important tool in helping to obtain financing.

MANAGEMENT SKILLS OF ENTREPRENEUR

An entrepreneur can be a good entrepreneur only when his management skill also in good. The - management skills of any entrepreneur can be increased with the help of following measures:

1. Development of Personality of Entrepreneur
2. Development of Planning Capacity
3. Development of Organizing Skill
4. Development of Coordination capacity
5. Development of Motivating Ability
6. Development of Controlling Ability
7. Development of Time Management Ability
8. Development of Ability of influencing others

MOTIVE FACTORS OF THE ENTREPRENEUR

Motivation of entrepreneur is very necessary for adopting entrepreneurship. Both monetary and non-monetary means are adopted for motivating the entrepreneurs. Our Central government and State government are implementing many motives for attracting persons towards entrepreneurship.

NON-MONETARY MOTIVE FACTORS

For motivating entrepreneurs to adopt entrepreneurship following non -monetary motive factors are used:

1. Convening of Seminars and Workshops
2. Literature publication and Publicity
3. Establishment of Science and Technology Entrepreneurs Parks (STEPs)
4. Development of Training Facilities
5. Development of Technical and Managerial Skill
6. Preparation of Industrial Maps
7. Entrepreneurship Development Programme
8. Research and Development
9. Standardization of Goods
10. Productivity Councils
11. Industrial Viability Study

MONETARY MOTIVE FACTORS

Concessions and subsidies provided by Central Government and State Governments for motivating entrepreneurs are included within monetary motive factors.

Concessions-Some concession or rebates are provided by Madhya Pradesh Government under industries promotion policy 2004 so that more and more unemployed young's may be attracted to set up their industries and trades in our province. These concessions or rebates are provided to only those units which have started commercial production on 1st April, 2004 or after that

UNIT V PROBLEMS AND SCOPE OF ENTREPRENEUR

There are many problems for entrepreneurs of our country. Some problems have been generated due to negligence of government and administration and some problems have been, generated themselves by entrepreneurs.

PROBLEM RELATED TO INDUSTRIAL POLICY

Industrial policies of Central Government and State government affected entrepreneurs very much. Inclination of citizens towards entrepreneurship is determined on the basis of industrial policies. Solution of our national problems can be possible only then when we form our industries policy according to our national requirements. We are in need of such industrial policy which can fulfill our national requirements and also may have limited resemblance with international changes. Welfare of all lies in abandoning or evading the industrial policy of western countries which is responsible for increasing extensive unemployment, environment pollution, global warming, and extensive exploitation of natural resources, poverty hunger malnutrition, social crimes and social struggles. On formation of Practical industrial policy, development of entrepreneurship can be possible in our nation and problems of entrepreneurs can be solved up to large extent.

SOCIAL PROBLEMS

Social problems are creating many interruptions in development of entrepreneurship in our country. Existence of many castes in any society is profitable to society but the caste system due to which a feeling of hatred and disgrace towards physical labour is developed in few, higher castes of our society, that caste system of our society is great hindrance in development of entrepreneurship in our country. Entrepreneurship can be developed extensively in our country only then when ill people do not feel shame and hesitation in performing physical labour'. We people do copy many wrong traditions of western countries but we do not follow their good traditions. Physical labour is not looked in hatred view in Western countries. People of western countries perform physical labour with same pride as they perform mental labour with pride. Most part of lives of people of our society is passed in performing social ill traditions. No money is left with them for setting up any business. Our social ill customs and social orthodox traditions encourage extravagance of money and are great problems for development of entrepreneurship.

PROBLEMS OF LACK OF INFRASTRUCTURE

The development of industries and trades is possible only with the proper development infrastructure in our country. There is vast shortage of infrastructure in our country. Either there are not infrastructures in our country or these are not of good quality. Roads are constructed and these are mined only within four or six months after construction. Roads are filled with Water even after very small rains. Water supply facilities are not available in some industrial areas of our country. As a result a great hindrance is generated in operation or industries. The warehouses available in various parts of our country are having very small storage capacity. Marketing facilities are not present at many places. Though some attention has been paid for development of infrastructure yet the attention has not been paid up to that extent as it was expected. If sufficient development if infrastructure is done in our country then in our country then entrepreneurs themselves can develop industries and trades.

PROBLEMS OF CAPITAL

There is very necessity of capital for establishing and operating industries and trades. Establishment and operation of industries and trades is very difficult without sufficient capital. Shortage of capital is a great

problem for entrepreneurs. They are not in a position to set-up their business. If they set up their business arranging capital any way, then do not remain a position to operate then continuously due to lack of capital. Organizations of state level provide many technical and financial assistances, concessions, rebates and subsidies to entrepreneurs willing to set up their industries and trades but many entrepreneurs do not have sufficient knowledge about these assistances and subsidies so they remain deprived in getting required financial assistance from various financial organizations. Thus the problem of shortages of capital remains continued for entrepreneurs. Though drums are beaten very much about information revolution yet entrepreneurs are not provided proper information's and knowledge related to the financial assistances advanced by various organizations through print media and electronic media. If sufficient advertisement related to the different financial assistances, rebates and subsidies given by various central level and state level organizations to entrepreneurs is done effectively then they will come forward to make all the efforts for taking loans from financial institutions.

PROBLEM OF POWER

Electric power is very necessary for all the works of industries and trades. Operation of industries and trade is impossible without electric power. Sufficient electric energy is not available to many enterprise several times so they face occasionally the problem of shortage of electric power. Proper attention has not been paid for increasing the production of electric energy after achievement of political independence in 1947 nearly 399 hydel power projects under central electricity authority of our country are lying pending unnecessarily from many years. The generation capacity of these hydel power projects is nearly 1.07,000 Mega Watt. If these hydel power projects had been completed at proper time then would have been no shortage of electric power in our nation. Most of our electricity is obtained from Hydel and Thermal Source. Hydel power is cheaper and safer than electric power obtained from other sources. But there are also some limits of hydel power since, many non-government organizations often oppose the generation of electricity will the help of big dams. By paying suitable attention on generation of electricity from renewable alternative resources, e.g., solar energy wind energy, biomass energy etc. burning problem of shortage of electricity of entrepreneurs can be solved with ease.

PROBLEM OF REGISTRASATION

Registration of a business or any small industry is necessary before its establishment. Permanent registration of enterprise is done after establishment and its operation for some time. Registration of industries and trades in District industries centre is necessary for obtaining loans from banks, obtaining connection of electricity, obtaining quota of rare of raw material at cheap rates, obtaining cost capital subsidy, interest subsidy, electricity subsidy, sales tax rebates, income tax rebates etc from central; government and state government. The registration get done once is valid for 5 years. The problems of registration, are arised either due to some shortcomings of entrepreneurs or due to behaviour and conduct of some employees of District Industries Centre. Sometime some entrepreneurs do not fill up prescribed registration proforma properly. Some entrepreneurs fill up either wrong information in project reports or do not fill up requires information. Due to incomplete application forms and project reports registration of business is not done by District industries Centre as a result their dream of establishing enterprise remains unfulfilled. They have to face the problem of registration. For getting rid of this problem assistance of industrial and technical advisers should be taken in filling up of prescribed registration proforma and in preparation and project report.

ADMINISTRATIVE PROBLEMS

Entrepreneurs have to get done all administrative works in government offices for taking registration of their enterprise, obtaining loans from banks, obtaining raw material at cheap rates, obtaining rebates and concessions and importing the product manufactured in their enterprise. Entrepreneurs generally have to face many difficulties in getting their works related to their business done with administration. Entrepreneurs wander repeatedly in government offices for getting done this work. There any work is not

performed easily and timely. This happens due to tendency of red tapism, postponement and delaying Prevailing in administrative offices. Administrative works are postponed nil payment of bribe. If any entrepreneur gives the desired bribe money to concerned officials then their work are completed in very short time All the government employees are not of equal nature. Some employees are of very corrupt nature. Entrepreneurs 'face many administrative problems only due to corrupt and idle employees of government offices. Government of some states are implementing facilitation act for providing rid, to entrepreneurs from red-tapism and corruption. Under this act simplification of administrative laws will be done. As a result all the entreproe4i.Will not face administrative problems. All the work of entrepreneurs will not face administrative problems. All the work of entrepreneurs will be completed at only one place within a prescribed time. The preparation of implementation of "facilitation act" is going on in Madhya Pradesh. Probably this act will be implemented soon hi Madhya Pradesh. Entrepreneurs of M.P. will not have difficulties related to enterprises after implementation of this act. They will not have to wander from office to office for getting done their works of enterprises since all their works will be performed under only one roof and one window.

PROBLEMS OF OWNERSHIP

On one side entrepreneur wants to provide preference in selecting sole proprietorship organization for his organization keeping in mind the profits of sale proprietorship organization and on the other side considering the losses of sole proprietorship organization he hesitates to select sole proprietorship organization for his enterprise. Before selection of type of ownership of enterprise can entrepreneur evaluates the gains and limits of sole ownership organization and partnership ownership organization. Entrepreneurs can solve themselves the problem of ownership.

PROBLEMS OF GLOBALIZATION

In usual sense globalization means connecting the economy of any nation with the other nations of the world so that all the commercial activities may be expanded in whole world and a feeling of competition may develop in different nations of world. Under globalization internationalization of business takes place. There are some advantages of globalization and some disadvantages too. Due to globalization of business entrepreneurs get Opportunities to expand their business throughout the world. So they get advantages of worldwide market. The thinking of entrepreneurs becomes comprehensive due to globalization entrepreneurs can get capital from any part of world and can invest it in any part of world. Competition develops throughout the world as a result improvement in quality of products takes place. Their price comes down. Consequently consumers are benefited. Many native multinational companies are formed. These companies perform business at international level. As a result country avails economic gains along with it pride of nation increased. Our engineers, doctors, scientist, managers, computer specialist and technical consultants get high level employments in World level multinational companies. Intellectuals of our nation yet opportunities of showing their talents due to globalization. Cooperation among many countries is increasing due to globalization. Globalization of economy is providing some advantages to entrepreneurs, citizens and our nation on one side but it is also providing many severe disadvantages to our nation, common citizens and entrepreneurs. As a result globalization is becoming a great problem to our nation, citizens of our nation and entrepreneurs.

LABOUR PROBLEM

Entrepreneurs have to face the problem of labour in their enterprise. Skilled workers for enterprises either are not available or are hardly. Strikes of worker are, observed in enterprises now and then. Workers of enterprise stop to work during strikes u result Production of enterprise comes to stand still. Entrepreneurs suffer a great loss due to repeated strikes of labour. Shortage of consumer goods is observed due to strikes in enterprises. If all the, entrepreneurs pay sufficient attention on welfare of their workers and employees of their enterprises, pay them proper wages, salaries, allowances and facilities, then workers and employees will not go on strike. Leader of labour Unions start to tell the workers and employees their

duties towards enterprises, society and nation and solve the problems of workers by discussion with owners of enterprises.

SCOPE OF ENTREPRENEUR

The Scope of activities of entrepreneur is very wide. Entrepreneurs establish operate industries, trade and different types of services.

1. Genetic Industries – Genetic industries involve breeding or reproduction of plants and animals.
2. Extractive Industries – These industries extract or draw out different materials or products from natural sources. e.g., earth soil, water, air, etc.
3. Manufacturing Industries – These industries are concerned with the conversion or transformation of raw materials and semi -finishes products into finished products or goods.
 - a. Analytical Industries
 - b. Synthetical Industries
 - c. Processing Industries
 - d. Assembling Industries
4. Construction Industries – These industries are engaged in the erection or construction of buildings, bridges, roads, dams, canals, wells, etc. Construction industries used the products of extractive industries. Construction industries create the basic infrastructure for development.

COMMERCE OR TRADE

Commerce is an organized system or an organized institution for exchange of goods and services among members of business world.

1. Internal Trade or Home Trade – It means the buying and selling of goods or products within the boundaries of a country.
 - a. Wholesale Trade – It includes the purchase and sale of goods of a specific variety in bulk.
 - b. Retail Trade – It includes the sale of goods to the ultimate consumers.
2. International or Foreign Trade – It includes of the exchange of goods am services between persons or organizations operating in two or inure nations. International trade involves the use of foreign currency (known as foreign exchange) and international means of transport. International trade may be further classified into the following categories:
 - a. Import Trade
 - b. Export Trade
 - c. Entrepot Trade

SERVICES

Services mean such functions which are performed by entrepreneurs either with the help of only knowledge and intelligence or with the help of knowledge, intelligence and some physical resources.

1. Professional Services – Professional services are those services which are provided by entrepreneurs to others with the help of their knowledge, intelligence and experience, e.g. pleading in courts, keeping and preparing accounts, providing medical counseling, and economic consultancy, to sing songs, to play a drama, to prepare computer software etc
2. **Commercial Services** – Entrepreneurs provide following services under commercial services:
 - a. Warehousing or Storage Services – It includes the holdings and presentation of goods until they are finally consumed.
 - b. Transportation Services – Transportation carries goods from manufactures to traders and finally to consumers.
 - c. Advertising Services – Advertising brings goods and services to the knowledge of prospective buyers.
 - d. Banking Services – Banks are traders of money and credit
 - e. Insurance Service – It facilitates trade by providing a cover 10itist the loss or damage of goods in the process of transit and storage.
3. **Personal Service** – Operation of beauty parlours, laundries restaurants, hotels, etc are included in such types of service.

Thus entrepreneurs play their role in industries, trade and Services. Hence scope of entrepreneurs is very comprehensive and wide.