CHAPTER VII
SUPPORT SYSTEM FOR THE DEVELOPMENT OF ENTREPRENEURSHIP

7.1 Introduction

India is second among all nations in total entrepreneurship activity as per the Global Entrepreneurship Monitor Report 2002. The liberalization of the economy since 1991 has paved the way for a huge number of people to become entrepreneurs. Developing countries like India are striving to be outward looking global economies rather than inward looking local economies. This will be possible only if small and medium scale enterprises (SMEs) are encouraged. Entrepreneurship can be cultivated among the present youth and it can be developed systematically with the help of support system. The post-globalization era has brought with it a growing middle class and rising disposable incomes. This presents tremendous opportunities for developing entrepreneurship. The emerging entrepreneurs can reap the benefits of these opportunities by catering to various demands of this segment through their small scale industries.

Small scale industries: An industrial undertaking in which the investment in fixed assets in plant and machinery whether held on ownership basis or on hire purchase does not exceed Rs. 5 Crore can be termed as small scale industrial undertaking.

Medium scale undertaking: Units with investment in plant and machinery in excess of SSI limit and up to Rs. 10 crore may be treated as Medium scale enterprises.

The small scale industries are of two types, traditional and modern. The traditional small scale industries include khadi and handloom, village industries, handicrafts, sericulture, coir etc. Modern small industries manufacture a wide variety of goods from simple items to sophisticated items like television sets, electronic control system, various engineering products, particularly as ancillaries to large industries.

Since independence, the growth and development of the small scale sector has been favored by the government of India on the following grounds:
1) Generation of employment opportunities by SSIs
2) Mobilization of capital and entrepreneurship skills
3) Regional dispersal of industries
4) Equitable distribution of national income

Policies pursued by the government over the years have resulted in the growth of small scale sector to a considerable extent. To accelerate the pace of industrialization in the country and also to support economic development, Government at central as well as at state level has made good efforts by way of implementing various measures. Government have set up number of agencies and institutions to assist and support emerging and established entrepreneurs to set up and develop their business at two levels- small and medium. Starting a business or an industrial unit requires various resources and facilities. Finance has been an important resource to start and run an enterprise because it facilitates the entrepreneur to procure land, labour, material, machines to run an enterprise. Hence finance is the most important requirement of the business. Considering this, the government has come forward to help small entrepreneurs through the financial institutions and nationalized banks. But the finance alone is not sufficient to start a business. A minimum level of prior built-up of infrastructural facilities is also needed. This is one of the reasons for lack of industrial development in backward areas. Creation of infrastructure involves huge funds. In view of this various central and state government institutions have come forward to help small entrepreneurs in this regard by providing them various kinds of support and facilities. Institutional support makes the economic environment more conducive for the growth of the business. These institutions are supporting the entrepreneurs in various aspects of the business such as education, training, finance, marketing etc.

Support system for the development of entrepreneurship exists in the form of following institutions.
1) Educational institutions providing professional and non-professional or traditional courses
2) Financing institutions
3) Promoting institutions
4) Non-government organizations
5) Government’s support
6) Support from family members, relatives and friends

7.2 Educational Institutions providing Professional and Non-Professional courses

Even though education is not pre-condition for entrepreneurship development, the education which is suitable for a particular type of business definitely fosters the entrepreneurship. There were examples of big businessmen in the past who successfully started and expanded their business without having any formal degree. But they were born entrepreneurs. Today the availability of different institutions providing education, training and guidance to the emerging entrepreneurs has proved that entrepreneurs are not born, but they can be made. The number of educational institutions grew substantially in the last four decades, especially in the last two decades there has been a phenomenal growth in the number of private self-financing institutions. The growth of professional and non-professional colleges has helped the young generation to acquire qualification necessary for choosing a particular type of career.

A survey of entrepreneurs engaged in the manufacturing of Ayurvedic medicines in Thane district shows two categories of qualification acquired by entrepreneurs, suitable and not-suitable. The qualification of entrepreneurs having degree in Ayurveda or Ayurvedic Pharmacy or a diploma in Ayurveda or graduation in Pharmacy or Pharmaceutical Chemistry, Chemistry and Botany of a recognized University is directly related to their business, so they are grouped in the category of entrepreneurs having suitable qualification. A quite few number of entrepreneurs are either Arts or Commerce graduates. They are grouped in the category of entrepreneurs not having suitable qualification. As far as the theme of the present research is concerned the professional colleges means the colleges offering full-time graduate and post-graduate courses in Ayurveda and Pharmacy.
Non-professional colleges are Arts; Science and Commerce colleges offering traditional courses. According to 2001 data Ayurvedic colleges in Maharashtra offering graduate degree are 57 and those offering post-graduate degree are 19 in number with the capacity of admitting 2640 and 260 students respectively. Pharmacy colleges offering degree course are 51 and post-graduate courses are 9 in number with the capacity of admitting 2500 and 148 students respectively. According to 2003 data total number of Arts, Science and Commerce colleges in Maharashtra are 1319 having the capacity of admitting 8 lacs students. Out of these colleges 873 colleges are grantable, 222 colleges are partially grantable and 224 colleges are permanently Non-grantable (Pradhan).

7.3 Financing institutions

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

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

1) Industrial development bank of India (IDBI)
IDBI is the apex institution in the field of industrial finance. It was established under the IDBI act 1964 as a wholly owned subsidiary of Reserve bank of India. It started its operations from 1st July 1964. It was de-associated from RBI under Public Financial Institution Laws (Amendment) Act 1976 and restructured as the principal financial institution of the country with the following objectives.

Create a principal institution for long term finance
Coordinate the institutions working in the field for planned development of industrial sector
Provide technical and administrative support to the industries and to conduct research and development activities for the benefit of industrial sector.

IDBI provides long term finance to industrial sector. It is engaged in direct financing of the industrial activities as well as refinance and rediscounting of bills against finance made available by commercial banks under their various schemes for industrial development purposes (Gupta, Kumar, 2009:171). It raises funds through various approaches such as market borrowing, bonds and deposits, borrowing from Government and RBI, borrowing from abroad in foreign currency and lines of credit.

IDBI is the tenth largest bank in the world in terms of development. Some of the institutions which have been built by IDBI are: The National Stock Exchange (NSE), National Securities Depository Services Ltd. Stock Holding Corporation of India Ltd.

**Main functions of IDBI**

IDBI coordinates the working of institutions engaged in encouraging, financing, promoting and developing industries. IDBI undertakes/ supports wide-ranging promotional activities including entrepreneurship development programmes for new entrepreneurs, provision of consultancy services for small and medium enterprises, upgradation of technology and programmes for economic upliftment of the under privileged. Its functions include:
Direct loans to industrial undertakings to finance their new projects.
Soft loans for various purposes including modernization under equipment finance scheme.
Underwriting and direct subscription to shares/ debentures of the industrial companies.
Sanction of foreign currency loans for import of equipment of capital goods
Short term working capital loans to the corporate houses for meeting their working capital requirements.
Refinance to banks and other institutions against loans granted by them.

**IDBI’s role as a catalyst**

IDBI’s role as a catalyst to industrial development encompasses a wide spectrum of activities. IDBI can finance all types of industrial concerns covered under the provisions of the IDBI act. IDBI has grown substantially in terms of size of operations and portfolio over the period of more than three decades (Hattangadi, 2007).

**Development activities of IDBI**

Some of the developmental activities carried out by IDBI are as follows:

**Promotional activities**

IDBI performs a wide variety of promotional activities for new entrepreneurs, consultancy services for small and medium enterprises and programmes designed for accredited voluntary agencies for the economic upliftment of the needy. These
include entrepreneurship development, self-employment and wage employment in the industrial sector for the weaker section of society through voluntary agencies, entrepreneurs’ parks, energy conservation, and common quality testing centres for small industries.

**Technical consultancy Organizations**

IDBI, in collaboration with other All-India Financial Institutions has set up a network of Technical Consultancy Organizations covering the entire country to provide consultancy and advisory services to entrepreneurs, particularly to new and small entrepreneurs at a cheaper cost (Gupta, Kumar, 2009: 173). These technical consultancy organizations offer diversified services to small and medium enterprises in the selection, formulation, implementation and appraisal of projects.

**Entrepreneurship Development Institute**

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

2) **National Bank for Agriculture and Rural Development (NABARD)**

NABARD is one of the apex development banks. It came into existence on July 12, 1982 under NABARD ACT, 1981 with a capital of Rs. 100 crore contributed by Central Government and RBI, with its main office in Mumbai. The set up has been created by merging Agriculture Credit Department and Rural Planning and Credit Cell of RBI and took over the entire functions of Agriculture Refinance and Development Corporation.
NABARD raises funds through National Rural Credit-Long Term operations, National Rural Credit Establishment Fund, bonds and debentures guaranteed by Central Government, borrowing from RBI, Central Government or any other organization approved by Central Government and funds from external sources. Credit functions of NABARD include providing credit to agriculture, small and village and cottage industries through banks by way of refinance facilities to commercial banks, Regional Rural Banks, Cooperative Banks, Land Development Banks and other Financial Institutions like Khadi and Village Industries Commission (KVIC).

Its developmental functions are co-ordination of various institutions, acting as agent of Government and RBI and providing training and research facilities. The regulatory functions include inspection of Regional Rural Banks, and Cooperative Banks, receipt of returns and making of recommendations for opening new branches.

3) Export Import Bank of India (EXIM BANK)

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

It undertakes following types of functions;

- Direct finance to exporter of goods
- Direct finance to software exports and consultancy services
- Finance for overseas joint ventures and turnkey construction project
- Finance for import and export of machinery and equipment on lease basis
- Finance for deferred payment facility
- Issue of guarantees
- Multi-currency financing facility to project exporters
• Export bills rediscounting
• Refinance to commercial banks in India
• Guaranteeing the obligations

4) Small Industries Development Bank of India

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

• Administration of small industries development fund for development and equity support to small and tiny industries.
• Providing working capital through single window scheme
• Providing refinance support to banks/development finance institutions
• Undertaking direct financing of SSI units
• Coordination of functions of various institutions engaged in finance to SSI and tiny units.

5) Industrial Investment Bank of India

IIBI was established as Industrial Reconstruction Corporation Limited during 1971 when it was renamed as Industrial Reconstruction Bank of India with effect from March 20, 1985 under IRBI Act 1984, to take over the function of industrial reconstruction corporation. During 1997, the bank was converted into a joint stock company by naming it as Industrial Investment Bank of India. Its functions are to provide finance for industrial rehabilitation and revival of sick industrial
units by way of rationalization, expansion, diversification and modernization and also to coordinate the work of other institutions for this purpose.

6) Industrial Finance Corporation of India

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

- Direct financial support to industrial units for undertaking new projects, expansion, modernization and diversification
- Subscription and underwriting of public issues of shares and debentures.
- Guaranteeing of foreign currency loans and also deferred payment guarantees
- Merchant banking, leasing and equipment finance
- During 1994, IFCI was converted into a joint stock.

7) Industrial Credit and Investment Corporation of India

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

- Assistance to industrial undertakings for new projects, expansion, modernization and diversification of the business
- Subscription and underwriting of capital issues
- Guaranteeing the payment for credits
- Merchant banking, equipment leasing and project counseling

It floated a number of institutions successfully, which include Credit Rating Agency, Credit Rating Information Services of India Ltd. (CRISIL), ICICI Banking Corporation, State Credit and Investment Corporation of India (SCICI) a mutual Fund etc. During September 1998 it changed its name to Indian Credit and
Investment Corporation of India (ICICI) Ltd. ICICI started providing working capital to industrial undertakings.

8) Industrial Reconstruction Bank of India

Government of India set up the Industrial Reconstruction Corporation of India in April 1971 under the Indian Companies Act mainly to look after the special problems of sick units and provide assistance for their speedy reconstruction and rehabilitation (Khanka, 1999:116). In August 1984 Industrial Reconstruction Corporation of India was converted into Industrial Reconstruction Bank of India (IRBI). IRBI has to work as the principal all India credit and reconstruction agency for industrial revival, assisting and promoting industrial development and rehabilitation of industrial concerns. The IRBI has diversified its activities into ancillary lines such as consultancy services, merchant banking and equipment leasing. Through its merchant banking, IRBI helps units in the process of amalgamation, merger and reconstruction. Equipment leasing was an extension of the IRBI hire-purchase scheme (Khanka, 1999:117).

9) Indian Banking System and Commercial Banks

Indian banking system comprises of Reserve bank of India and other banking institutions like NABARD, National Housing Bank, Export Import Bank of India, Commercial banks (public sector banks, private sector banks, and foreign banks) Regional Rural banks, Co-operative banks, Development financial institutions such as IDBI, ICICI, IFCI, and other financial intermediaries (LIC, GIC, UTI)
Commercial banks in the context of entrepreneurship development

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

State Bank of India launched entrepreneurship development programme in 1978. This programme was of one month duration, having three phases.

Initiation phase: creating awareness about entrepreneurial opportunities.
Development phase: Training in developing motivation and managerial skills
Support phase: Counseling, encouragement and infrastructural support for establishing and running enterprises.

State Bank of India (SBI) implemented scheme of financial assistance to technically qualified or trained entrepreneurs.

SBI has set up Research and Development Fund for entrepreneurship development.

SBI introduced deferred payment guarantee scheme for the purchase of big machines.

SBI through its scheme made available fund and non-fund based facilities.

SBI provides working capital to industries.

Bank of India has established entrepreneurial clinic cum guidance services to guide and assist emerging entrepreneurs.

Bank of India is operating following schemes for entrepreneurship development in the country.

a) Star artisan credit card scheme.
b) Small entrepreneur credit card scheme
c) Star SSI supreme scheme
d) Small entrepreneur trade card scheme
e) Star self-employment credit card scheme
f) Scheme for employment enhancement and poverty eradication.
Punjab National Bank through its Merchant Banking division provides number of benefits to small and middle level entrepreneurs.

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

Punjab National Bank has following schemes for developing the culture of entrepreneurship in the country.

   i) Credit assistance scheme for very small enterprises
   ii) Credit assistance scheme for beneficiaries of second preferred sectors.

Indian Bank has established an Entrepreneurship service cell to provide consultancy services to prospective entrepreneurs.

In addition to these banks all other banks also assist new entrepreneurs in selection of enterprise, preparation and evaluation of project report, market survey, training at different levels, obtaining government clearance, procurement of machinery and equipments and marketing of products of the enterprises.

10) State Financial Corporation (SFC)

Financial Corporation Act 1951, made it mandatory that every state in India will have its own established financial corporation. The main function of State Financial Corporation is to provide mainly the term loan assistance to small and medium scale industries for acquiring fixed assets like land, building, plant and machinery. Loans are also extended for expansion, diversification, technology development, expansion of the business. The SFC also takes over term loan accounts from banks and other financial institutions when a borrower has a good track record with the corporation. SFCs undertake the issue of stock, shares, bonds or debentures of industrial concerns and to grant loans and advances to industrial concerns repayable within a period not exceeding 20 years.

11) Life Insurance Corporation of India (LIC)

Life Insurance Corporation of India was established under the LIC Act in 1956 as a wholly owned corporation of the Government of India. LIC has been deploying
its funds according to plan priorities. LIC provides loans for various purposes like housing, water supply, rural electrification etc. to benefit individuals and groups. LIC also provides term loans and underwriting/ direct subscription to shares and debentures of corporate sector.

12) Unit Trust of India

The Unit Trust of India was established under an act of parliament in 1964, mobilizes savings of small investors through sale of units and channelizes them into corporate investments. UTI has introduced a variety of schemes to meet the need of diverse sections of investors. The UTI also provides assistance to the corporate sector by way of term loans and underwriting / direct subscription to shares/ debentures.

7.4 Promotional Institutions

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

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

District Industries Centers(DICs)
These centers were established in the year 1978 with a focus to provide integrated administrative support for promotion of small scale industries in rural areas. These centers act as a chief coordinator in respect of various government departments and other agencies. DICs provide a single window interacting agency to the budding entrepreneurs at district level.

Role of DICs

1) Technical support for preparation of project report
2) Information on machinery and equipment
3) Promotion of new industrial estate
4) Approval of project reports of special types
5) Training through Entrepreneurship development programme
6) Allotment of raw materials
7) Financial assistance under self-employment schemes
8) Assistance under Equipment Leasing Scheme through NSIC
9) Assistance in marketing linkage with central government
10) Assistance in ancillary industry tie-up with government undertakings
11) Marketing assistance through participation in exhibition/ Trade fairs / Buyers-sellers meet
12) Attending problems related to SSI registration/ Bank loan/ marketing of production
13) Financial assistance for modernization of unit
14) Export assistance
15) Assistance in sick unit revitalization
16) Promoting entrepreneurship through National level awards for innovative products
17) Promotion of products under non-conventional energy sources
18) Assistance in standardization of products
19) Assistance in design and product development for handicrafts

Small Industries Development Organization (SIDO)
Small Industries Development Organization is a policy making, coordinating and monitoring agency for the development of small scale entrepreneurs in the country. It coordinates with Government, financial institutions and other agencies/organizations promoting small scale enterprises. 

SIDO functions through a network of field offices. 

SIDO renders services in the following areas:

- It advises government in policy matters concerning small scale sector.
- It provides techno-economic and managerial consultancy, common facilities and extension services.
- It provides facilities for technology up-gradation, modernization, quality improvement and infrastructure.
- It facilitates human resource development through training and skill upgradation.
- It monitors Prime Minister RojgarYojana scheme.

Services provided by SIDO

The services provided by SIDO are as follows:

- Technical resource centre
- Technical consultancy services
- Assistance in marketing
- Technical programme
- Vendor development
- Quality/technical up gradation
- Training facilities

Technical Resource Centre (TRC)

Obsolete technology needs to be replaced with modern technology to survive in this competitive world. Ministry of small scale industries has introduced the
concept of Technology Resource Centre using small enterprise networking having the widespread reach to all the concerned agencies in SSI sector. Technical Resource Centre assists in identifying and providing the appropriate technology. TRC provides information about product groups covering details of technology, list of suppliers of machinery and raw materials, quality standards, availability of consultants.

Services provided by TRC
- It is a centre for all technological requirements and needs
- It provides exclusive facilities for small scale entrepreneurs.
- It provides consultation on appropriate, relevant and cost effective technologies.

Technical consultancy services
This is one of the important activities of the organization. These services include assistance provided to start new units and managerial and marketing assistance to the existing units. The entrepreneurs are assisted in the following areas:
- Identification/ selection of products of manufacturers
- Selection of appropriate technology, manufacturing process and techniques.
- Selection of suitable plant and machinery
- Quality control and standardization
- Market potential
- Economic information related to the product
- Information on various facilities provided by other development agencies.
- Assistance in marketing

Training programmes
Training is one of the significant aspects of the organization. The institute conducts variety of training programmes for the entrepreneurs in the areas of marketing, exports, packaging etc.
Quality/ Technical upgradation
The institute undertakes number of measures to promote quality and technical upgradation. Technical experts from the organization discuss the future of the manufactured products with new and established entrepreneurs.

Training facilities
SIDO arranges various training programmes according to the needs of the entrepreneurs. It has sufficient infrastructure to provide for these training programmes.

The National Small Industries Corporation Ltd. (NSIC Ltd)
NSIC was set up in 1955 to support the growth of small scale industries in the country. Since then it has been assisting SSI through a number of schemes. Due to increased competition in post-globalisation period, NSIC restructured its activities from financing to promotion of marketing.

Some of the important programmes of NSIC are:
   A) Marketing assistance programme
      Government purchase registration: Government being the biggest buyer of any product, NSIC provides a registration to small scale unit, making them eligible for the following benefits:
      - Tender at free of cost
      - Exemption from Earnest money deposit
      - Exemption from security deposit
      - 15% price preference over large and medium unit

Exports: the corporation assists in exporting the products of SSIs. NSIC is engaged in project exports also on turnkey basis and is a major supplier of relief items of India to United Nations and other international agencies. The corporation organizes international exhibitions related to specialized products and technology, to facilitate the marketing of SSI products.

Campaigns: NSIC organizes awareness campaigns at various locations near industrial estates in the states and also in the areas ideal for setting up new industries.
Cluster Development: The Corporation has identified 28 clusters throughout India where cluster development managers have been appointed.

Informatory services: NSIC has started Informatory Services at a very nominal annual fee. SSI useful information about marketing, technology and allied get matters after taking the membership of this service.

Mentoring and advisory services: NSIC has provided the support of experienced mentors who provide the guidance to the units facing the problems in the areas of production, management and marketing. Half of the expenses required for this guidance are reimbursed by the corporation.

B) Financial support programme

- NSIC provides finance for purchase of indigenous as well as imported machinery for setting up of new industry and technical upgradation of existing units on easy terms through its hire purchase scheme.

- The corporation has started Composite Term Loan Scheme to provide single window service. The scheme is mainly designed to encourage setting up of new SSI in the country.

Under raw material assistance scheme, the corporation provides finance to SSI for the purchase of raw material against the security of bank guarantee.

B) NSIC Technical service centres

NSIC provides technical services by way of:

1) Training and development: The Corporation provides training and development in the areas of machine tools, design and testing, rural technology, computer applications, leather and footwear, domestic electrical appliances etc.

2) Software technology parks: The Corporation has set technology parks at New Delhi and Chennai to cater to the needs of the entrepreneurs who
want to set the units for 100% exports of software. The park provides the benefits of duty free import, excise relief and Income Tax holiday.

**Small Scale Industries Board (SSI Board)**

The Small Scale Industries Board is the apex advisory body constituted to render advice to the government on all matters related to small scale sector. The range of development work in the small scale sector includes various departments/ministries and several agencies of Central/State Governments. The SSI Board provides platform for informed debate and facilities coordination and inter-institutional linkages.

**Small Industries Service Institutes (SISIs)**

The Small Industries Service Institutes are set up to provide consultancy and training to small entrepreneurs.

The main functions of SISI are:
- To serve as interface between State and Central Governments.
- To provide technical support services.
- To conduct entrepreneurship development programmes
- To initiate promotional programmes

The SISIs also render assistance in the following areas:
- Economic Consultancy/Entrepreneurship Development Programme Consultancy
- Trade and market information
- Project profiles
- District and state industrial potential surveys
- Training in various trade/activities

**Industrial Estates**

Industrial estate is an institutional measure to promote industrialization in the country. An industrial estate is a place where the required facilities and factory
accommodation are provided by the Government to the entrepreneurs to establish their industries there (Khanka, 1999:134). These estates promote the growth of especially small scale industries. Industrial estates are classified in three categories.

1) On the basis of functions: On the basis of functions industrial estates are broadly classified into two types: i) General type industrial estates, and ii) Special type industrial estates

General type Industrial Estates: These estates provide accommodation to a wide variety and range of industrial concerns. Most of the industrial estates are of this type.

Special type Industrial Estates: This type of industrial estate is constructed for specific industrial units, which are vertically or horizontally interdependent.

2) On the basis of Organizational set up: On this basis industrial estates are classified into following four types:
   - Government industrial Estates
   - Private industrial estates
   - Co-operative Industrial Estates and
   - Municipal Industrial estates

3) On the basis of Other variants: On the basis of other variants industrial estates are classified into thee types:
   - Ancillary industrial estates
   - Functional industrial estates
   - The Workshop-bay

The main objectives of the establishment of industrial estates are:
   - To provide infrastructure and accommodation facilities to the entrepreneurs.
   - To encourage the development of small scale industries in the country.
   - To spread the industries in rural and backward areas.
   - To develop entrepreneurship by creating the environment suitable to establish the industries in these estates.
The Khadi and Village Industries Commission (KVIC)

The Khadi and Village Industries Commission tool over the work of former All India Khadi and Village Industries Board. KVIC was established with the objective of providing employment, producing saleable articles and creating self-reliance among the poor. Its wide range of activities include training of artisans, extension of assistance for procurement of raw materials, marketing of finished products and arrangement for manufacturing and distribution of improved tools, equipments and machinery to producers on concessional terms (Gupta,Srinivasan,1999:5.12).

KVIC’s major role is planning, organizing and implementing the programmes for development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development. KVIC bears the responsibility of encouraging and promoting research in the production techniques and equipments employed in the Khadi and Village Industries sector. KVIC also aims at providing financial assistance to institutions and individuals for development and operation of Khadi and Village industries. KVIC is handling the government launched, Rural Employment Generation Programme through public sector banks and regional rural banks. This scheme envisages that 25% of the project cost for the project up to Rs. 10 lacs will be provided as “Margin money”. For projects above Rs. 10 lacs and up to Rs 25lacs, rate of Margin money will be 25% of Rs. 10 lacs plus 10% of the remaining cost of the project.

Technical Consultancy Organizations

Technical Consultancy Organizations was established with the purpose of fulfilling the consultancy needs of the emerging and established industrial units. These organizations were established in seventies and eighties in collaboration with state level financial and development institutions working for the cause of industrial development in the country.
The major function of technical consultancy organization is to create favourable environment for the established and new units. These organizations assist enterprises in the following ways.

Project conceptualization and other related services
- Guidance regarding the selection of projects
- Preparation of feasibility studies and detailed project reports
- Capital structuring
- Project appraisal and risk analysis
- Project management design

Credit Syndication
- Preparation of application for assistance from financial institutions/banks, offer documents and information memorandum
- Syndication of domestic and foreign loans and post sanction follow up.

Documentation of project reports
- Assistance in preparation of technical and financial project report
- Assistance in preparing various project specific agreements including credit documents

Implementation of project
- Assistance and supervision in project during its implementation
- Assistance performance at regular intervals
- Providing feedback from time to time
- Suggesting and advising in export related matters
- Restructuring of projects
- Valuation of assets
- Stock audits
- Assessment of working capital
- Project monitoring consultancy
- Securitization services

Training
Technical Consultancy Organizations conduct entrepreneurship training programmes to guide young entrepreneurs regarding various aspects of business. These Technical Consulting organizations also work as State Technical Consultancy Organization (Gupta, Kumar, 2009: 203).

**Specialized Institutions**

In addition to the above institution the Government has set up some specialized institutions to boost the growth of all small scale industries in the country (Khanka, 1999: 136).

**Central Institute of Tool Design, Hyderabad**

The Central Government set up this institute in 1968 with the help of UNDP and ILO to help small scale industries by providing specialized training to the personnel working in the design and manufacture of tools, dies and moulds. The other functions performed by the institute are:

a) To offer consultancy and advisory services and assistance in the design and development of tools.

b) To suggest proper measures to improve the standard of tools, tooling elements, jig components, fixtures, dies etc.

c) To offer the needed tool room facility

**Central Tool Room Training Centres**

The Government has set up four tool room training centres to provide tool room services and facilities in design, manufacture and training.

**Central Institute of Hand Tool, Jalandhar**

This institute is set up by the Government to provide improved technology, raw materials, design and testing for handloom industry.
Institute for the Design of Electrical Measuring Instruments, Mumbai

This institute was set up to provide technical consultancy services in the matter relating to design and development of electrical and electronic instruments, tool designing and fabrication and training.

National Institute of Entrepreneurship and Small Business Development, New Delhi

It is an apex national level institute, set up with the objective to coordinate research and training in entrepreneurship development and to provide specialized training to different categories of entrepreneurs. It also serves as forum for interaction and exchange of views between various agencies engaged in activities relating to entrepreneurial development.

National Institute of Small Industries Extension Training, Hyderabad

This institute was set up to develop the required manpower for running small scale industries in the country. The main functions of the institute are;

1) To impart training to those engaged in small scale industries.
2) To undertake research studies relating to development of small scale industries.
3) To enter into agreements relating to consultancy services with both national and international organizations.

The institute conducts the courses in business management for the benefit of the entrepreneurs.

7.5 Non-Government Organizations supporting entrepreneurship
Wadhwani Foundation

Wadhwani foundation is a non-profit organization founded by Dr. Ramesh Wadhwani, an IT entrepreneur in Silicon Valley, California (Hattangadi, 2007). The foundation’s strategy is to inspire, educate and nurture new entrepreneurs, to develop and fund non-profit programmes and organizations that create entrepreneurial education, build networks, raise awareness, perform research and help develop a supportive policy environment. In addition, certain sections of the
population need extra support due to their physical or economic constraints. Such people receive the benefits from such foundation.

**National Entrepreneurial Network (NEN)**

The National Entrepreneurship Network is a network of academic institutions across India performing research and developing and providing world-class education, skill building programmes, networking activities. The goal of this network is to launch 2,500 entrepreneurs who will create a minimum of 500,000 jobs by 2014. This will create as much value for the Indian economy over the next ten years as the IT industry has over the past fifteen years. This network will inspire thousands of talented individuals to choose entrepreneurship, and equip them to build companies that are more successful, on a larger scale, creating 100,000 new jobs.

Every participating institution will be able to leverage the resources created by other NEN partners. Participation in joint activities creates opportunities for larger networks and continued sharing of ideas. The NEN interaction will significantly enhance the effectiveness, quality, scale and reach of each individual participant in the network. The research performed by NEN partners will increase the understanding of the needs, contributions and characteristics of entrepreneurs and their ventures.

**Ashoka Foundation**

This foundation is trying to develop social entrepreneurial culture all over the world. Ashoka fellows inspire others to adopt and spread their innovations. Ashoka develops models for collaboration and designs infrastructure needed for this growth. Ashoka fellows are leading social entrepreneurs who can provide innovative solutions to social problems. Ashoka fellows work in over sixty countries around the world. They are remodeling systems of resource allocation, infrastructure and value-chains.
Dr. Reddy’s Micro Entrepreneurship development Cell (MEDC)

This NGO works for developing small scale livelihood options for youth from marginalized communities in agriculture, animal husbandry and vending. MEDC encourages, nurtures and supports youth for entrepreneurship. MEDC also helps them in the matters of business plan, banking and market linkages. MEDC provides the youth with the required life skills, technical skills, soft skills and career skills to perform well to establish their own small scale units as their livelihoods options (Hattangadi, 2007: 209).

7.6 Government’s support

The Ministry of Small Scale Industries designs policies, programmes, projects and schemes in consultation with its organizations and various stakeholders and monitors their implementation with a view to assisting the promotion and growth of micro and small enterprises. The role of ministry of small scale industries is thus to mainly assist the states in their efforts to promote the growth and development of the SSI, enhance their competitiveness in an increasingly market-led economy and generating additional employment opportunities. The specific schemes/programmes undertaken by the organizations of the Ministry try to provide one or more of the following:

a) Adequate credit from financial institutions/banks;
b) Funds for technology upgradation and modernization;
c) Integrated infrastructure facilities;
d) Modern testing facilities and quality certification laboratories;
e) Access to modern management practices and skill upgradation through appropriate training facilities; assistance for better access to domestic and export markets.
f) Cluster-wide measures to promote capacity building and empowerment of the units and their collectives, in addition to all or some of the above-mentioned supports.
g) Implementation of the policies and programmes/schemes for providing various support services to SSIs is undertaken through its attached office, namely, the
Office of Development Commissioner (SSI) also known as Small Industries Development Organization (SIDO) and the National Small Industries Corporation (NSIC).

**Support from Government of Maharashtra**

**UdyogMitra Agency**

Government of Maharashtra established UdyogMitra agency. This agency helps the entrepreneurs to get the work done by various government departments and institutions in public sector. The objective of the agency is to provide assistance and guidance to entrepreneurs without making delay.

**Marathi Chamber of Commerce and Industries**

Marathi Chamber was established in February 1994 with the objective of bringing all Marathi entrepreneurs from different corners of the world together. Chamber is trying to change the mentality of Marathi people to prepare them to accept entrepreneurship as a career.

Government of Maharashtra always encourages export promotion. It gives 50 percent concession in the rent for stalls to be paid by small scale industries to participate in industrial exhibitions and trade fares.

As a part of systematic efforts to develop entrepreneurship in the state, Government set up Entrepreneurship Development Centre (EDC) in 1988 at Aurangabad. Centre has opened offices in major cities of Maharashtra. It regularly publishes “Udyojak” magazine to provide guidance to the budding entrepreneurs through informative articles by experts and success stories of successful entrepreneurs (Dastane, 2011).

Government of Maharashtra has decided to start 65 Development Centres for speedy dispersal of industries in Maharashtra. To make this possible Government is trying to use land, acquired under Urban Ceiling Legislation, for industrial purpose.
Regular guidance and assistance is provided by the Government to small scale industrialists for improving the quality of their products and for getting ISO 9000 certificate.

**Schemes introduced by Central government**

1) If somebody wants to start an industry in Aurangabad, Chandrapur, Ratnagiri (including Sindhudurg) then 95 percent of fixed capital is provided by Central Government as subsidy.

2) If unemployed engineers and technicians want to start their own enterprise then the difference between the interest charged by financial institutions and seven percent is provided by Government as subsidy.

3) Central Government has decided to start co-operative industrial colonies.

In 1982 Government redefined backward districts. According to this definition “The district which has no big industry or business is supposed to be a backward district.”

**Different Organizations of the Ministry**

Government has set up various institutions to help and encourage emerging entrepreneurs in the country.

**EDI (Entrepreneurship Development Institutes)**

Since entrepreneurship development and training play an important role in the promotion of SSI, the Ministry has established three National Entrepreneurship Development Institutes, viz. National Institute of Small Industries Extension Training at Hyderabad, National Institute of Entrepreneurship and Small Business Development at Noida and the Indian Institute of Entrepreneurship at Guwahati as autonomous societies. These institutes are engaged in the development of training modules, undertaking research and training and providing consultancy services for entrepreneurship development in the SSI sector.
National Handicapped Finance and Development Corporation (NHFDC)

NHFDC was set up by the Ministry of Social Justice and Empowerment, Government of India and has an authorized capital of Rs.400 Crore. NHFDC functions as an apex institution for channelizing the fund to the persons with disabilities through State Government or through Non Government Organizations.

National Commission for Enterprises in the Unorganized Sector (NCEUS)

NCEUS was constituted in September 2004 for a period of three years. The Commission is authorized to examine the problems of enterprises in the unorganized sector and suggest measures to overcome them.

Department of Science and Technology

National Science and Technology Entrepreneurship Development Board has been trying to encourage entrepreneurship among Science and technology persons through its programmes and activities. The projects implemented by the Board aim at creation of technocrat- entrepreneurs among the Science and Technology persons through structured training programmes and other facilitating mechanisms. The purpose is to create a new generation of knowledge based entrepreneurs and additional employment through entrepreneurship and application of Science and Technology tools and technologies. The Board has conceptualized and initiated many new projects. Awareness camps are organized by the technical institution to create awareness about entrepreneurship among the college students. Science and Technology Department faced the scarcity of teachers to train, guide and motivate college students to take up entrepreneurship as a career. Faculty Development Programme was developed by the Department
to provide necessary knowledge, skill and aptitude to the trainers for implementing entrepreneurship related programmes.

**Fragrance and Flavour Development Centre (FFDC)**

FFDC was set up in 1991 by Government of India with the assistance of UNDP/UNDO and Government of U.P. UNDP/UNIDO provide technical assistance and imported equipments. Government of U.P. provides land, building and infrastructure, while Government of India is contributing for the recurring, non-recurring and indigenous equipments. FFDC serves as an interface between essential oil, fragrance and flavor industry and the Research and Development institutions both in the field of Agro-technology and chemical technology. Main objective of the centre is to serve, sustain and upgrade the status of farmers and industry engaged in the aromatic cultivation and its processing, so as to make them competitive both in local and global market by:

- Helping in adoption of agronomical practices to introduce aroma-bearing plants.
- Providing guidance on Post-harvest technology, storage and packaging, sampling and marketing
- Providing testing and quality control services for the raw materials and products
- Providing an application development laboratory complete with facilities for creation of fragrance and flavor.
- Establishing information and documentation services to cater to the industry needs and to bring latest developments to their notice.

The FFDC has developed an aromatic farm for improved agronomical practices and a herbarium at project site to study and introduce improved aroma-bearing plants. A sophisticated well-designed fragrance and flavor division has been set up to create formulations based on natural and synthetic raw materials.

**Small Industries Service Institutes**
SISIs are fully devoted to provide assistance to the SSIs in all phases of their operations. These organizations help the SSIs in identifying items for manufacturing; provide information on technologies, feasibility studies, training, organization of workshops and seminars and other such programmes. SISIs supply spare parts and other items which are necessary for small-scale industries, but not available readily.

**Directorate of Industries**

The Directorate of industries is an apex body for promoting industrial development in the states. The Development Commissioner (Industries) heads the institution which is supported by six regional and thirty district level establishments. This agency aims at implementation of the small scale industry promotional schemes (Hattangadi, 2007:192).

**Information Banks**

The Government of India has established information banks in certain areas for helping academic institutions and industry. This system is called the National Information System for Science and Technology (NISSAT). These information banks help small scale industries in the matter of latest development in the field of technology.

Trade Development Authority of India and state governments organize trade fairs and exhibitions to provide opportunities to small scale industries. Small scale industries use the regional testing Centres to test their products and help them maintain their product quality. The Indian Standard Institution has developed standards to assist the small scale industries.

**United Nations Industrial Development Organization (UNIDO)**

UNIDO is the United Nation’s specialized industrial agency aims to promote industrial development and international industrial cooperation. UNIDO is
implementing a project in India with the aim of developing capabilities at both the local and the national levels so to promote SSI networking and cluster development. The project is implemented through a focal point based in New Delhi, currently comprising of four national consultants. These consultants have been trained by UNIDO in the principles of cluster restructuring and networking.

**Schemes of assistance for women entrepreneurs**

**Seed Capital Scheme**- This scheme is sponsored by state government. It is meant for helping unemployed and women for starting their own businesses. Under this scheme women are given seed capital at 4% rate of interest. This seed capital is 10 to 15% of total cost of project. Even if husbands of the women are employed or doing some business still the women are treated as unemployed. Seed capital up to 1.5 lacs can be given which is to be repaid within eight years (Thane VyapariMitra, 2004).

**National equity Funds**- This scheme is implemented through nationalized banks or state finance corporation. Women are given loans for the services provided by them and enterprises run by them. The amount of loan given is 75% of the total cost of project.

**Maharashtra state finance corporation**- Women entrepreneurs can avail of all the benefits provided by MSFC to entrepreneurs.

**Prime Minister Scheme for Educated Unemployment**- This scheme is sponsored by central government. Under this scheme 15% subsidy is given by central government, 80% loan is disbursed through Nationalized banks and women have to make own investment of 5%. They can start their own business by investing Rs. 1lac.

**Women Enterprise Fund**- Women undertaking the project costing less than Rs. 10 Lacs can avail of 15% of the project cost or maximum Rs. 1Lac assistance under this scheme. The condition laid down under this scheme is that women’s participation in partnership or private limited firm should be minimum 51%.

**Single Window Scheme**- This scheme is launched by IDBI for providing term loan and working capital to entrepreneurs. This scheme is applicable to women
and men entrepreneurs equally. This scheme is applicable to projects costing Rs.20 Lacs and requiring working capital worth Rs. 10 Lacs. The period of repayment of loan is 10 years.

**Joint Finance Scheme**-Craftsmen from rural areas; having population up to 5 Lacs are given loan for purchasing tools and equipments and as a working capital. Loan up to Rs.50, 000 can be given with nominal rate of interest. The loan disbursed under this scheme is allowed to repay within the period of eight years. This scheme is implemented through MSFC and Nationalized banks.

**Women Economic Development Corporation**-Maharashtra state has established Women Economic Development Corporation for overall development of women.

**Training for Women Entrepreneurs**- To enhance the skills of women entrepreneurs and to provide them the benefits of self-employment, IDBI has implemented the scheme of training for women. Different banks have implemented various schemes for women entrepreneurs.

**Small Industries Credit Guarantee Scheme**-The greatest problem faced by entrepreneurs is the problem of getting finance, and getting the guarantor for this purpose is all the more difficult job. This problem is solved by Small Industries Credit Guarantee Trust. The trust has its own funds worth Rs.200 Crore. The trust acts as a guarantor for bank loan. This scheme is a joint venture of SIDBI and Central government.

**Centres helping some specific industries**

Food and Drug Administration (FDA)-If an industry is processing food or manufacturing medicines then it has to approach FDA and submit the map of plant and machinery along with the list of products and the process used for production.

**7.7 Support from Family Members, Friends and Relatives**

Family members including spouse, children and parents create a strong support system for the budding entrepreneurs. This support can be emotional, financial,
administrative or technical. Any businessperson has to face various problems like ups and downs in the business, payment recovery problem and financial crunch resulting from it, worker’s non-co-operation and industrial unrest. Spouse can extend support during all such types of crises. In some communities like Marwari, there is a provision of community funds which can be used to help the needy entrepreneurs.

Survey of entrepreneurs engaged in the manufacturing of Ayurvedic medicines showed that Maharashtrian community gets more co-operations from their spouse. Particularly male entrepreneurs get all types of co-operation from their wives. Majority of them are highly educated so they can understand the administrative aspects of the business and willingly help their husbands. The entrepreneurs originated from Gujarat, Rajasthan, and Uttar Pradesh have said that their wives do not co-operate with them due to less education and conservative nature of their communities. Business oriented communities like Marwari and Guajarati are famous for typical upbringing of their children. They inculcate special values in their children which are conducive for their business, so they make their children learn all the business tactics right from their childhood. That is the reason why most of the entrepreneurs in the sample seem to be continuing the business established by their fathers.

Maharashtrians generally prefer service to business which usually involves risks. This risk aversion tendency keeps them away from the business. Friends and relatives also avoid those entrepreneurs who are in need of financial help. Now this picture is changing fast. Mental set up of Maharashtrians is also changing and it is reflected in the preference of young and talented Maharashtrians for business. Their inclination for business facilitated the setting up of different associations through which they solve their mutual problems by way of organizational efforts.

7.8 Conclusions

Emerging entrepreneurs are just like infants. They cannot stand on their own feet, at least in the initial stage of their business, without the support of strong support
system. The support system helps them knowingly and unknowingly in various forms. It can be in the form of educational and training institutes from where they acquire qualification, necessary for their business. These institutes play an important role in grooming and nurturing the budding entrepreneurs in the right direction. It is the inspiration taken from the biographies of great industrialists and the efforts taken by the educational institutions these days to develop interests among the students to select entrepreneurship as a career option, that slowly help in transforming the personality of an ordinary individual into the personality of an entrepreneur.

Finance is the lifeline of any enterprise, so without strong financial support, no entrepreneur can dare to start the business. Institutional and informal sources of finance suffice their financial requirements for the business.

Entrepreneurs face lot of difficulties before actually starting their business, so the promotional institutes come forward to help them in the matter of technical training, marketing and exporting their products. Non-government organizations are also trying to cultivate entrepreneurial culture in the society.

Government through its various schemes and incentives has created a strong support system to take care of growing entrepreneurs. An upcoming class of entrepreneurs, namely women entrepreneurs, is enjoying the benefits of special schemes and incentives provided by the government.

The outside support will be of no use for entrepreneurs unless they get strong internal support from their family members, relatives and friends. Earlier this support was easily available only in business-prone communities, but now the other communities, which were treating business of secondary importance earlier, are also coming one step ahead to help the emerging entrepreneurs. The strong support system helps the entrepreneur stand firmly in the business which is full of ups and downs and uncertainties.


