

Chapter 5

Institutional Framework for Entrepreneurship

Supportive environments encourage individuals to start or take over, businesses and run them successfully. The more conducive the business environment the more likely it is that new ventures will emerge. Recognizing this many countries invest a substantial amount of money in various national and regional programs aimed at encouraging entrepreneurship.

A comprehensive approach to promote entrepreneurship must work on three levels viz individual, firm and society.

- Individuals need to be aware of the concept of ‘entrepreneurship’. They need to recognize entrepreneurship as an attractive career option so as to get the motivation to become entrepreneurs. They also require to be equipped with the right skills to convert their ambitions into successful ventures.
- Nascent ventures require the help of support systems to turn into healthy firms. The support systems must facilitate growth and expansion of new firms and not act as inhibitors.
- The development and growth of entrepreneurship largely depends society’s appreciation of entrepreneurs and their contributions. Entrepreneurial success should be appreciated and the stigma of failure should be downplayed.

Countries or regions that keep rules and regulations to a minimum, offer tax and other incentives, and provide training and counselling services to start-up entrepreneurs, increase the likelihood of new venture development [107]. Availability of financial and non-financial assistance plays a major role in establishment of new ventures [108].

Non-financial assistance to entrepreneurs includes,

- i) Support services in the form of conducting marketing studies, preparing business plans, facilitating loan approvals,
- ii) Physical facilities and
- iii) Networks and contacts [109].

5.1 Government Programmes and Policies

Entrepreneurship policy is defined as “policy measures taken to stimulate entrepreneurship, that are aimed at the pre-start, start-up and post-start-up phases of the entrepreneurial process, and designed and delivered to address the areas of motivation, opportunity and skills, with the primary objective of encouraging more people in the population to consider entrepreneurship as an option, to move into the nascent stage of taking steps to get started and to proceed into the infancy and early stages of a business” [110]. It has been hypothesized that environments affects entrepreneurs’ intentions and decision to start a firm [111]. The characteristics of individuals, their skills and knowledge can be influenced through education, availability of capital and providing information through consultancy and counselling. In addition, policy measures and institutions can significantly influence the individual decision-making process.

Respect for the individual, continued opportunity for advancement and an open-door policy helps to promote entrepreneurship [112]. The objective of any entrepreneurship policy should be aimed to increase the number of new entrepreneurs and new businesses as well as their early-stage survival and growth.

An overview of the institutional infrastructure facilitating entrepreneurship is presented in figure 5.1. The details of the various schemes and programmes are discussed in the rest of the chapter.

Role of the Government of India in Promoting Entrepreneurship:

Over the period of time the promotional activities of the Government of India (GOI) have been focused on three major areas; development of industrially backward areas, development of cottage industries and small-scale industries and encouragement and promotion of exports by small scale industries (SSI).

In India, both SSIs and entrepreneurship development are integrated into one and are often referred to interchangeably. To promote SSIs in India, the first initiative by the GOI was started in the year 1954 through the creation of the Office of Development Commissioner. This is an apex body responsible for the formulation of policies, programs and schemes for the development of SSIs in India. It is governed by the Industries (Development and Regulation) Act 1951.

The Industrial Policy Resolution of the GOI, issued in 1956 categorically declared that there should be balanced and coordinated development of the industrial and agricultural economy in each region of the country to attain higher standards of living.

Since the sixties, efforts have been on to attract people towards entrepreneurship but at that time the process, methodology and strategy to develop entrepreneurship were not very clear. From the third five-year plan the GOI started providing capital, technical know-how and land at suitable locations, to capable and interested people of various socio-economic strata to enable them to launch small enterprises.

Various industrial promotional agencies in India have undertaken policy initiatives and programmes to promote entrepreneurship. These agencies include industrial development corporations, commercial banks and other support agencies. Their role is to identify, assist, support and promote entrepreneurship at different levels viz., small, medium and large scale. A number of schemes have been developed to provide professional, technical and financial assistance along with other forms of support and incentives.

The Abid Hussein Committee made several recommendations for strengthening infrastructure and financial support to SSI units, so as to enhance their ability to compete. During the economic reforms between 1991 and 1999 the GOI took various measures for the promotion and development of the SSI sector. These consisted of:

- Adequate credit facility,
- Infrastructure support through the Integrated Infrastructure Development Scheme (IIDS),
- Technology support facilitating modernization and quality upgradation,
- Entrepreneurship Development Programmes, and
- Promoting self-employment through Prime Minister's Rozgar Yojana (PMRY) scheme.

The Bhatt Committee has recommended that state governments also should have entrepreneurial guidance programmes and that the states should have consultancy organizations as well.

The GOI has initiated various programmes for the growth of entrepreneurship. These can be broadly classified into three categories:

- those relating to infrastructure (communication, transportation, power, etc.),
- those relating to capital formation, promotion of marketing, etc., and
- those relating to skill development.

At present the GOI has increased managerial and technical assistance to small industries through state service institutes, extension centers, common facility services and also by providing financial assistance, marketing assistance, supply of basic materials, vocational training and establishment of industrial estates.

Programmes and Policies of the GOI

This section discusses the government programmes and policies of both the GOI and the Government of Rajasthan.

To promote and overcome obstacles related to entrepreneurship development across India, the GOI has established various institutions. In the following paragraphs these institutions and their functions are discussed in detail.

National Entrepreneurship Development Board (NEDB):

The National Entrepreneurship Development Board (NEDB) is the apex body for entrepreneurship development in the country. It devises and recommends various schemes and programmes to the GOI for promoting entrepreneurship and encouraging self-employment in small-scale industries and small business. The Board also recommends suitable facilities and incentives for entrepreneurship training. The board has various schemes to promote entrepreneurship. Through one of its schemes it provides grants to reputed organizations engaged in the development of entrepreneurship for organizing workshops and conducting research studies relevant to entrepreneurship development.

National Science and Technology Entrepreneurship Development Board (NSTEDB):

The Department of Science and Technology (DST) created the National Science and Technology Development Board (NSTEDB) with a view to promote entrepreneurship through the setting up of entrepreneurship parks in technical training institutes. Under the guidance of the NSTEDB, the GOI has launched numerous Entrepreneurship Development Programmes with a view to eradicate poverty.

For promoting technopreneurs the NSTEDB introduced the Technology Business Incubator scheme (TBI). The main objective of the TBI was to facilitate technological development and generate ideas for technological projects currently under development.

In the year 1984, the NSTEDB initiated the Science and Technology Entrepreneurs Park (STEP) programme. STEP helps in creating an atmosphere for innovation and entrepreneurship, facilitates active interaction between academia and industries through sharing of ideas, knowledge and experience and provides facilities for the development of new technologies and their rapid transfer to the end user. The major objective of STEP is to forge linkages between academic and R&D institutions on the one hand and industry on the other and also to promote innovative enterprise through individuals qualified in Science or Technology.

Rural Employment Generation Programme (REGP):

On the basis of the recommendations contained in the High Power Committee report, submitted in May 1994, headed by the then Prime Minister of India, the Khadi and Village Industries Corporation (KVIC) launched the Rural Employment Generation Programme (REGP) with effect from 1st April, 1995 for the generation of two million jobs in the Khadi and Village Industries sector in the rural areas of the country. The major objective of the programme was to develop entrepreneurial skill and attitude among rural unemployed youth.

Technopreneur Promotion Programme (TEPP):

The Ministry of Science & Technology along with the Department of Scientific & Industrial Research (DSIR) launched this programme. The objective of this programme is to stimulate the innovative potential of the citizens of India. It aims at helping individual innovators become technology-based entrepreneurs i.e., technopreneurs. Selected projects are provided with financial support, patent support and guidance, scientific or technical

consultancy, fabrication assistance, market information and networking with related research labs or institutes as required.

Trade Related Entrepreneurship Assistance and Development (TREAD) for Women:

This programme has been introduced by the Ministry of Small Scale Industries to promote women entrepreneurship. Under this scheme trade-related assistance is provided to women entrepreneurs in the form of loans, grants, trade-related training and information, counseling and extension services. Non-farm projects prepared through the involvement of NGO's are provided with grants upto one-third of the project costs.

The programme seeks to economically empower women in rural, urban and semi-urban areas through the development of entrepreneurial skills, elimination of constraints faced by women, and development of trade support networks.

Indian Investment Center (IIC):

It is a registered society set up as an autonomous body by the GOI. The center advises and assists:

- Indian entrepreneurs in setting up fresh industrial capacities in India,
- Indian entrepreneurs (including those already engaged in small and or medium enterprises) in their efforts to attract private capital and advanced technological know-how, and
- Indian businessmen in setting up industrial or other joint ventures abroad.

The center has an Entrepreneurial Guidance Bureau at its headquarters, which guide entrepreneurs in setting up small and medium scale industries, and also provides information on prevailing policies and procedures for establishing such industries.

Small Enterprise Information & Resource Network (SENET):

Small Enterprise Information & Resource Network (SENET) was established in 1997 with the objective of facilitating networking among information providers and seekers from state governments, central government, industry associations, NGOs and entrepreneurs who are involved directly or indirectly in promotion and development of the small-scale sector. The objective of SENET is to create and promote databases and information, and establish linkages with existing databases and the entrepreneur for development and promotion of small-scale sector.

SENET has databases on yellow pages, project profiles, cluster studies and directories and comes out with publications of policies and schemes, rules and procedures, periodicals and notifications and trade reports.

District Industry Center (DIC):

The DICs were set up under the Industrial Policy Statement, 1998. They are district level institutions, which provide all services and support facilities required by small and village entrepreneurs under one roof. DICs undertake various activities including arranging credit facilities, marketing assistance, quality control, research extension and entrepreneurial training.

Integrated Infrastructure Development Scheme (IIDS):

This scheme was launched in 1994 with a view to promote clusters of small-scale and tiny units in rural and backward areas and thus provide employment opportunities and augment exports. The IIDS centers provide common service facilities and back-up services. The thrust is on creation and upgradation of infrastructural facilities in new and existing industrial areas. State governments are responsible for the implementation of the IIDS through public sector corporations [113]. A high-powered committee constituted

under the scheme has sanctioned forty-six IIDS projects till date (For complete list of IIDS centers state-wise see Appendix 15).

Small Industries Development Organization (SIDO):

The All India Small Scale Industries Board was set up in November 1954 with the responsibility of planning, coordination and development of small-scale industries in India. In order to carry out the policies and programmes for developing SSIs in India a national level organization called 'Central Small Industries Organization (CSIO)' was established. The CSIO was later redesignated as Small Industry Development Organization (SIDO).

The main function of SIDO is coordinating programmes for development of large and small-scale industries. It provides technical and marketing advice. These services are organized through Small Industries Service Institute (SISI) branches and extension centers located in various states of the country.

SIDO has thirty Small Industry Service Institutes (SISIs), four Regional Testing Centers, seven Field Testing Stations, two Hand Tool Design Development and Training Center and two Small Entrepreneur Promotion and Training Institutes (SEPTI). All SISIs have technology resource centers. SIDO also has a number of specialized institutes (Refer Appendix 16 for details).

Through the SISIs SIDO conducts entrepreneurship development programs for various target groups. The duration of these programs ranges from 4 weeks to 6 weeks. They even conduct product-oriented courses like those for leather products, herbal cosmetics, electronics etc.

National Small Industries Corporation (NSIC):

Established in the year 1955 by the Central Government, the NSIC supplies machinery (value not exceeding Rs. 3 crores) on hire-purchase basis to small scale and ancillary industries. It also supplies raw materials and components to small enterprises for manufacturing their products and.

The NSIC has set up wholesale depots to dispose of the products of small enterprises. It provides publicity for these products as well. NSIC is also involved in the construction of industrial estates and running of prototype production-cum-training centers.

National Innovation Foundation (NIF):

To encourage grassroot innovators in the country the government of India through DST set up the National Innovation Foundation in 2000. DST provided a corpus fund support of Rs 20 crores, the interest of which is used to fund the activities of the NIF. The NIF's head office is located in Ahmedabad, Gujarat.

The NIF is committed to make India innovative by documenting, adding value and protecting intellectual property rights and disseminating on a commercial as well as non-commercial basis, information on contemporary unaided technological innovations as well as outstanding examples of traditional knowledge.

The NIF organizes an annual national competition where contestants are asked to submit their homegrown inventions. In 2001, 900 submissions came in from across India. In 2002, there were 16,000 ideas vying for national recognition. In 2003, there were 1,00,000 entries.

National Productivity Council (NPC):

One of the important roles of government in extension activities includes the productivity movement in India. It is with this regard that GOI set up the NPC in the year 1958 as a registered society. The NPC aims at improving entrepreneur's practices in productivity and promoting the productivity culture in India.

Technology Information, Forecasting & Assessment Council (TIFAC):

Technology Information, Forecasting & Assessment Council (TIFAC) an autonomous organization under the DST, was set up to keep a watch on global technology trends and formulate preferred technology options for India.

Objectives

TIFAC was established with the following objectives to:

- undertake technology assessment and forecasting studies in selected areas of the national economy,
- watch global trends and formulation of preferred options for India,
- promote key technologies, and
- provide information on technologies.

Technology Development Board (TDB):

The Technology Development Board gives soft loans to industrial concerns and other agencies attempting development and commercialisation of indigenous technology, or adapting imported technology to wider domestic applications. They provide a wide variety of services to entrepreneurs including reports on technology assessment and technology market survey studies, worldwide technology sourcing, technology information services and patent facilitating services.

Technology Bureau For Small Enterprises (TBSE):

The Technology Bureau for Small Enterprises is an endeavor to bridge the country's technology gap. It provides a means whereby small enterprises can tap opportunities at the global level for acquiring technology or establishing business collaborations. The TBSE is a collaboration between the United Nations' Asian and Pacific Center for Transfer of Technology (APCTT) and Small Industries Development Bank of India (SIDBI). The Bureau also has a database on technology options available from different countries. It gives the user updated information on sources of technologies and means of accessing them. It represents, the synergy of technology and finance under one roof. The important features of its activities are:

- offering a professionally managed system for partner search,
- helping in building up confidence between prospective partners,
- helping in carrying out negotiations,
- arranging technology and finance as a unique mechanism,
- assisting in preparation of a business plan, and
- carrying out project appraisals.

Programme Aimed at Technological Self Reliance (PATSER):

The DSIR developed the “Programme Aimed at Technological Self-reliance”, a scheme to promote industry's efforts at development and demonstration of indigenous technologies, development of capital goods and absorption of imported technologies. PATSER provides financial support to Research, Development, Design and Engineering (RDDE) projects of industry. The following are the broad objectives of PATSER:

- Supporting industry for technology absorption, development and demonstration,
- Building indigenous capabilities for development and commercialization of contemporary products and process of high impact, and
- Involving national research organizations in joint projects with industry.

All India Boards:

For promoting different industries the GOI has set up a number of boards. These boards have been established with the purpose of planning and developing various industries. Some of the boards are Khadi and Village Industries Board, Cottage Industries Board, Handicrafts and Handlooms Boards, Coffee board, Tea board, etc.,

Programmes and policies of Government of Rajasthan

Rajasthan has a network of support organizations to take care of all investment needs. The Rajasthan State Industrial Development and Investment Corporation, the Commissioner of Industries, the Bureau of Investment Promotion and the Rajasthan Finance Corporation, are a few of them.

Department of Science and Technology, Rajasthan (DST):

The Department of Science & Technology, Rajasthan has implemented various schemes with the aim of generating "self employment" and to develop a spirit of self-reliance among science and technology personnel by identifying prospective entrepreneurs and motivating them to choose entrepreneurship as a career.

The department carries out the following programmes:

- *Entrepreneurship Development Programme*
Entrepreneurship Development Programmes are organized by the department through agencies like Rajasthan Consultancy Organization (RAJCON), Jaipur, Science and Technology Entrepreneurship Development (STED) Project, Bikaner, Entrepreneurship Development Cell (EDC), Jodhpur, HCM-RIPA, Udaipur and at the different district head quarters of the State.

- *Entrepreneurship Awareness Camps*
Entrepreneurship Awareness Camps are conducted in various educational institutions and colleges of the State for the final year students. Each camp is of 3 days duration. Individuals having a science and technology background, students in final year of polytechnic, engineering college and other educational institutions are permitted participate in this programme.

- *Entrepreneurship Motivation Camps*
Such a camp has duration of one-day. The programme is targeted at all youth and individuals having a science and technology background. Students in final year of polytechnic, engineering college and other educational institutions are eligible participate in this programme.

Science and Technology Entrepreneurship Development (STED) Project, Bikaner:

The National Science & Technology Entrepreneurship Development Board (NSTEDB) and the Department Of Science & Technology, GOI, New Delhi had sanctioned a project, entitled "Science & Technology Entrepreneurship Development Project" (STED). This project was set up at Bikaner with the aim of identification and optimum utilization of tapped and untapped natural resources in the backward districts and to create awareness among science and technology persons for generating self-employment (For various projects undertaken by STED refer Appendix 17).

Rural Employment Generation Programme (REGP):

In order to provide employment opportunities to unemployed people in rural areas, the GOI along with the Ministry of Agro and Rural Industries launched REGP through the Khadi and Village Industries Corporation (KVIC). As of 2003-04 Rajasthan ranked second in terms of employment generation through this programme. Appendix 18 provides information on the number of projects sanctioned and employment generated during 2003-2004 under REGP in the state of Rajasthan.

Assistance to Women Entrepreneurs in Rajasthan:

Special measures have been taken by the government of Rajasthan to promote women's participation in industrial ventures. The strategy envisaged focuses on enhancing the entrepreneurial skills of women, removing credit-related bottlenecks and increasing their employment opportunities.

A special rebate of 10 per cent on industrial lands and equity type assistance from the Mahila Udyam Nidhi Scheme are provided to women entrepreneurs. If the women entrepreneurs have undergone a professional training course, they are eligible for getting allotted Standard Design Factories (SDFs) on a deferred payment basis. Efforts of NGOs or other organizations to run Day Care Centers for Women are given support. In the training courses run by Entrepreneurship and Management Development Institute, Jaipur, thirty per cent of the seats are reserved for women.

Commissionerate of Industries (CI):

The Commissionerate of Industries is the organization through which the State government implements, operates and executes various schemes and programs related to industries. It is the industrial agency which ensures that the benefits of industrialization percolate to the grassroot level. It formulates and implements the industrial policy. The Commissionerate of Industries disseminates industry-related information at the district and village level. Entrepreneurs can contact any of the DICs for guidance, assistance and facilities. Registration of SSI units is done at the Commissionerate of Industries. The Commissionerate is the nodal body which administers the various concessions and schemes provided to industry in Rajasthan. It also implements the central government schemes for employment generation. The Commissionerate disburses the loans provided to unemployed youth. It runs training programs to equip workers for self-employment, especially in the leather industry. As part of its involvement in human resource development, the following agencies work under the Commissionerate of Industries:

Entrepreneurship and Management Development Institute:

This Institute provides training to develop technical and entrepreneurial qualities in individuals.

Artisans Development Society:

This organization works on development of employment opportunities for artisans and ensures support to artisans in the form of training, quality management, technology inputs, marketing support, etc.

Bureau of Investment Promotion (BIP):

BIP is the nodal agency that promotes setting up of industrial units in Rajasthan. They assist entrepreneurs at every stage of the operation, right from conceptualization of a project to its implementation. BIP acts as a single window agency for clearing all industrial projects concerned with medium and large-scale. (Refer Appendix 19 for further details)

Rajasthan State Industrial Development & Investment Corporation Ltd. (RIICO):

This institution, incorporated as the Rajasthan Industries and Mineral Development Corporation (RIMDC) on 28th March 1969 and was renamed as RIICO on 1st January 1980. RIICO provides innovative and complete financial and investment support services in the state of Rajasthan. It is the sole government agency in the state involved in development of land for industrial enterprises. Large, medium and small-scale projects get an easy access to a ready-to-use base with supportive infrastructure facilities in the industrial areas developed and managed by RIICO. RIICO has twenty-six regional offices all over Rajasthan through which it administers the development of land-related infrastructure for industrialization. The services provided by RIICO to investors and entrepreneurs are:

- site selection and acquisition of land,
- financial assistance to small, medium and large scale projects,
- direct equity participation in large projects,
- technical consultancy for project identification and technical tie up,
- merchant banking and financial tie –ups, and
- incentives and concessions according to the policy of state government.

RIICO has so far developed 290 Industrial Areas. Each industrial area is provided with power, streetlight, water supply, and road linkages and also with basic social infrastructure. More than 17,200 industries are in operation within the industrial areas developed by RIICO. Figure 5.1 shows the location of industrial areas in Rajasthan.

RIICO has also embarked upon creation of special purpose industrial parks (refer Appendix 20 for a list of parks) and industrial areas (Refer Appendix 21) with excellent infrastructure facilities for specific industries.

Rajasthan Small Industries Corporation Ltd (RSIC):

RSIC was established in Jaipur in the year 1958. The main objective of RSIC is to assist artisans, promote Rajasthani handicrafts and give assistance to small-scale industries. RSIC promotes handicrafts by marketing them through a chain of emporia (Rajasthalis) all over the country, holding exhibitions regularly, supporting artisans by giving them raw materials and training and providing logistic support through Air Cargo Complexes (ACC) and Inland Container Depots (ICD). The functions of this institute are to:

- conduct industry specific surveys,
- advise small units on modernization and improve technical processes,
- train small industrialists in management including marketing aspects,
- carry out research on problems faced by industries (improving designs, proper usage of raw materials, etc.), and
- act as an information source for small and medium entrepreneurs.

The RSIC has established a mechanical workshop and a testing laboratory at the Industrial Estate in Jaipur. The institute has also established extension centers in Jodhpur, Kota and Udaipur.

Investment Incentives:

As per a decision taken by the Central Government, new industries in 12 backward districts of Rajasthan have been exempted from income tax. These districts are among the 123 such backward districts in India. The twelve districts are Jalore, Dungarpur, Barmer, Dholpur, Jaisalmer, Sawaimadhapur, Churu, Tonk, Banswara, Nagaur, Jhalawar and Sikar

5.2 Private Programmes and Facilities

Various private programmes and facilities available for promoting entrepreneurship are presented in the following paragraphs.

Progress, Harmony and Development Chamber of Commerce and Industry (PHDCCI):

It is a non-governmental organization involved in promoting entrepreneurship in India. The concept was conceived by James Currie and was established in 1905 to promote the interests of Delhi mercantile community. PHDCCI activities include training, providing consultancy for formation of new enterprises and helping existing enterprises in various areas. It is also involved in developing entrepreneurial skills and attributes, fostering the spirit of self-reliance and self-confidence to make entrepreneurship self-generating and viewed as an attractive career option.

Society for Research and Initiatives for Sustainable Technologies and Institution (SRISTI):

It is a non-governmental organization set up to strengthen the creativity of grassroots inventors, innovators and ecopreneurs engaged in conserving biodiversity and developing eco-friendly solutions to local problems. SRISTI through the Honey Bee Network has documented more than 11,000 outstanding examples of traditional knowledge and contemporary unaided innovations. Some of these ideas have also been implemented by one of the networks set up by the National Innovation Foundation (NIF) [114].

Vasundhara Gramotthan Samiti (VGS):

It is a part of Urmul network (an NGO) that works in Thar, Rajasthan aiming to provide alternative opportunities of livelihood to socially and economically backward people. It works with the weaver community, producing and marketing hand-woven woolen and cotton fabrics.

Drishtee:

Drishtee is an NGO, which provides an organizational platform for developing IT-enabled services for the rural masses through a kiosk based revenue model. The services it enables include access to government programs and benefits, market related information, and private information exchanges and transactions. Using a tiered franchise and partnership model, Drishtee is capable of enabling the creation of approximately 50,000 Information Kiosks all over India within a span of six years. These kiosks would potentially serve a market of 500 million people, with aggregate discretionary purchasing power of Rs. 10,000 crores. In less than two years, Drishtee has successfully demonstrated its concept in over 300 kiosks across six Indian states.

Rural Development and Self-Employment Training Institute (RUDSET):

RUDSET, Gurgaon provides vocational training to rural youth, and also follows up with them for two years and facilitates establishment of small businesses. Gurgaon district is one of the target districts for RUDSET. They hold camps for the youth to promote self-employment.

RUDSET conducts youth meetings in several villages. Based on their educational qualifications, work experience, capacity to invest and their readiness for training various programmes are being developed. They also train candidates in selected trades like general business development, computer hardware management, beauticians, and air conditioner and refrigerator repairs.

Grassroots Innovations Augmentation Network (GIAN):

In 1997, an International Conference on Creativity and Innovations at Grassroots (ICCI) was organised at IIM, Ahmedabad. It identified the need for an institutional framework that would provide support to rural innovators and link them to formal systems of technical, financial and marketing services. In 1998, the Government of Gujarat came forward to set up Gujarat GIAN with the missions of sustaining the spirit of innovation. It successfully converted a few green technologies into viable business models. GIAN facilitates the transition of innovators into inno-preneurs, arranges formal negotiations with prospective licenseees and also organises interactions with peer groups on behalf of the innovators.

FICCI Ladies' Organization (FLO):

FICCI Ladies' Organization (FLO) and the Consortium of Women Entrepreneurs of India (CWEI) regularly hold workshops for women entrepreneurs in various aspects of business.

The Indus Entrepreneurs (TiE):

TiE is a non-profit organization with a mission to foster entrepreneurship and nurture entrepreneurs. It came into existence when a few Silicon Valley executives of Indian origin met in late 1992. The idea was to bring together high achievers of the Indus region for the purpose of networking. TiE's objectives are to promote the entrepreneurial culture globally, help create thousands of entrepreneurs and create and share a coherent body of knowledge on entrepreneurship.

TiE Jaipur:

TiE Jaipur was established on January 11, 2002. TiE Jaipur focuses on developing innovative solutions through advocacy, research, partnership, mentoring, networking, fostering entrepreneurship, and nurturing entrepreneurs in order to confront the unique problems of the state. The ultimate objective is to bring Rajasthan to the forefront of industrial development.

TiE Jaipur reaches out to students, entrepreneurs and Rajasthani society at large through mentoring sessions, interactions with public bodies, organizing events through its Special Interest Groups (SIGs), and networking to promote entrepreneurship.

ICICI Knowledge Park (ICICI-KP):

The Park is located in a 200-acre campus in Turkapally, 25 miles away from the city of Hyderabad. The Park offers bare but ready-to-use modular laboratory units as well as plots of land for setting up customized R&D centers. It also provides a wide range of infrastructure and administrative support services to create a congenial stress-free environment. The administrative support services include a legal and patents cell, secretarial services, housing, schooling, etc. The infrastructure services include uninterrupted power supply, fiber-optic network for high-speed data transfer, secondary effluent treatment plant, a full-fledged conference facility and a cafeteria.

Mahindra Industrial Park:

Mahindra Industrial Park Ltd (MIPL) provides world-class infrastructure facilities and services. MIPL is located 35 kms from Chennai international Airport and 45 kms from the city center business districts. It is a self-contained industrial estate with state of the art infrastructure, estate management services and supporting amenities.

Ernst & Young's Entrepreneur of the Year:

Ernst & Young first created the Entrepreneur of The Year (EOY) award in 1986 in the United States to honour the perseverance and ingenuity of entrepreneurs who have created and sustained successful business ventures. Past recipients of the EOY awards include Mukesh D Ambani (Reliance), Brijmohan Lal Munjal (Hero Group), N.R Narayana Murthy (Infosys), Ratan Tata (Tata Group).

Citigroup Micro Entrepreneur Award:

These annual awards were instituted by Citigroup to recognize the achievements of Indian entrepreneurs. The awards are classified into three categories: National Micro Entrepreneur Award, National Runner-up Award and Socially Responsible Micro Entrepreneur Award. The award winners are selected by following a rigorous and detailed process.

5.3 Education System

Entrepreneurship can be stimulated through various ways, but the most important of all is the education system. Entrepreneurial talent can be identified and developed in an individual to make a success of a business enterprise irrespective of gender, caste, community or religion.

The need for training programs is greater in regions where external assistance is limited and people do not prefer to set up small businesses. Training and educational services are particularly important in emerging market economies because entrepreneurs lack basic business skills [115].

Providing adequate facilities and training are crucial but not enough for developing entrepreneurship. These have to be accompanied with adequate information, appropriate selection of potential entrepreneurs and strong follow-up.

The education system in India is not capable of creating an entrepreneurial orientation among its people. Global Entrepreneurship Monitor (GEM) 2001 reported that India's education system is rated below average with respect to imparting entrepreneurial skills as compared with other member countries of GEM. Management education in India has helped to produce job seekers rather than job providers.

The National Policy on Education 1986, in its Clause 6.10 mentioned that entrepreneurship training would be provided through a modular and operational course in the degree and diploma programmes in order to encourage students to consider self-employment as an option.

Entrepreneurship education and training programs have been classified into four types [116]. These include:

Education and training for small business ownership: Provides practical assistance to support the transition from regular employment to self-employment.

Entrepreneurial education: Education for the purpose of creating new entities to develop a “novel product or service”.

Continuing small business education: Intends to sharpen and update the small business owner or manager's skills.

Small business awareness: Expose people to small business for the purpose of creating awareness and perhaps to influence the student and general public to consider a small business career.

The Ministry of Small Scale Industries promotes entrepreneurship development through the National Institution of Small Industry Extension Training (NISIET), the National Institute for Entrepreneurship and Small Business Development (NIESBUD), the Entrepreneurship Development Institute of India (EDII) and the Indian Institute of Entrepreneurship (IIE).

National Institute of Small Industry Extension Training (NISIET):

The GOI established it in the year 1962 as a registered society in Hyderabad. This pioneering effort to promote entrepreneurship started as Small Industry Extension Training Institute (SIET), now known as National Institute of Small Industry Extension Training (NISIET). SIET along with Dr. David McClelland of Harvard University attempted to establish that achievement motivation could be developed among adults. McClelland believed that a society with a generally high level of achievement motivation would produce more energetic entrepreneurs and that the level of achievement motivation of individuals could be raised through planned training activity. Specifically, the entrepreneurial traits of aggressiveness, initiative, drive and willingness to take risks, analytical ability, and skills in human relations could be imparted and nurtured through well-designed training. Two of the pioneering entrepreneurship training models that emerged were the SIET Integrated Model for Entrepreneurship Development and the Gujarat Model (Refer Appendix 22)

At present NISIET is also engaged in training personnel of the central and state governments, commercial banks, financial corporations, association of small industries, large industrialists, small industrialists and industrial consultants. It also trains young engineers to motivate them to start industries. The Institute conducts national and

international training programmes. About forty-five national programmes and fifteen international training programmes are conducted every year.

National Institute for Entrepreneurship & Small Business Development (NIESBUD):

NIESBUD was established as a society in the year 1983, by the Ministry of Industry. It is an apex organization which overviews and coordinates organizations engaged in entrepreneurship development. Its training activity focuses on stimulating, supporting and sustaining entrepreneurship. The Institute conducts about twenty-eight national and five international training programmes every year. Besides this, the Institute also undertakes research studies, consultancy assignments, preparation of manuals, production of educational videos, development of training aids, etc.

Entrepreneurship Development Institute of India (EDII):

EDII was established in 1983 with a focus on creating entrepreneurial characteristics among the youth. It also established a Rural Entrepreneurship Division (RED) that concentrates on employment generation and poverty alleviation through the promotion of micro enterprises.

Indian Institute of Entrepreneurship (IIE):

IIE was established in the year 1993 at Guwahati with an objective to undertake training, research and consultancy activities in the small industry sector focusing on entrepreneurship development.

The Institute promotes entrepreneurship development through the propagation of entrepreneurial education. IIE identifies training needs, designs and organizes programmes (both for development functionaries and entrepreneurs), organizes seminars, workshops and conferences, undertakes research on entrepreneurship development,

documents and disseminates information needed for policy formulation and implements self-employment and entrepreneurship.

Entrepreneurship and Management Development Institute (EMDI):

The Government of Rajasthan after considering the need for entrepreneurship and the growing demand for training in entrepreneurship set up an autonomous institute at Jaipur. This Institute provides a variety of EDP courses directly or through other organizations. The Government of Rajasthan has also set up a chain of production-cum-training centers, technical training institutes, polytechnics and industrial training institutes to impart training in carpentry, blacksmithy, leather and footwear, weaving, etc.

Integrated Training Center (Industries), Nilokheri (Haryana):

The center conducts about twenty-two entrepreneurship development courses for unemployed educated youth of weaker sections of the society, one or two orientation training programmes for the staff of SIDO and two basic courses for extension officers from various States, Union Territories every year.

Small Entrepreneurs Promotion and Training Institute (SEPTI), Tiruvalla:

One of SISIs erstwhile Production Centers for electronic motors was reestablished as Small Entrepreneurs Promotion and Training Institute (SEPTI), Tiruvalla, in the year 1992-93 with a view to conduct specialized skill-oriented entrepreneurship development programmes for educated unemployed youth.

The Institute generally conducts sixteen EDPs in two phases every year. Apart from these, the Center has also introduced certain Diploma and PG Diploma courses in information technology varying from three months to twelve months duration on a self-sustaining basis. The Center also organizes training for Training of Rural Youth for Self Employment (TRYSEM) and Prime Minister's Rozgar Yojana (PMRY) beneficiaries.

Overview of Training Programmes for Women Entrepreneurs:

Various organizations have conducted programmes specifically aimed at women entrepreneurs. These include:

- Small Industry Service Institute conducted 248 courses for women between 1978-87.
- In the year 1968 Industrial Development Bank of India launched a special scheme for women entrepreneurs which provided training support and counseling as a package.
- GOI set up a National Level Standing Committee for Women's Entrepreneurship in the year 1986. This committee made suitable recommendations and suggestions to the government with regard to the problems of entrepreneurship among women.

Entrepreneurship Development Programmes (EDPs)

Entrepreneurship talent is not any more an exclusive preserve of a certain caste, community or society. The formation of indigenous enterprises can be accelerated through imaginative development programmes. In India such programmes are referred to as Entrepreneurship Development Programmes (EDPs).

The origin of EDPs in India is found in the state of Gujarat. The GOI policy of 1991 has for the first time recognized EDPs as an effective tool for spreading entrepreneurship movements in India. The contents of EDPs in India focus on the person, the project or the interaction between the person and the environment.

Most of the entrepreneurship development programmes conducted in India focus on the training component. There have been efforts made to standardize (for different target audience) the contents of these training programmes.

5.4 Financial Assistance

There are a number of sources from which an entrepreneur can obtain financial support throughout the firm's life cycle. These are friends and relatives, venture capitalists, angel investors, general public (through an initial public offering) and various financial agencies.

The GOI felt that rapid industrial development was not achieved due to lack of a financial institution for providing medium-term and long-term credit facilities for industries. In 1968 the GOI created a number of development banking institutions at the national and state level for providing financing facilities for the much-needed industries. The basic task of a development bank is to mobilize resources and to distribute them for industrial growth. Apart from providing financial facilities these developmental agencies also engage in developmental activities like promoting projects and guiding and advising their clients with regard to their problems and difficulties [117]. Among these institutions the State Industrial and Investment Corporations of Maharashtra and Rajasthan are considered as the most successful in administering the schemes for financial incentives.

5.4.1 National Level Financial Institutions

The activities of various national level financial institutions are discussed in the following paragraphs.

Small Industries Development Bank of India (SIDBI):

The GOI has set up SIDBI with its headquarters in Lucknow, Uttar Pradesh, as the principal financial institution for promotion, financing and development of industries in the small-scale sector and to coordinating the functioning of the institutions engaged in similar activities.

SIDBI provides soft loans to:

- women entrepreneurs to set up new units under the Mahila Udyam Nidhi Scheme,
- ex-servicemen for setting up small industries or enterprises, and
- first generation entrepreneurs under the Seed Capital Scheme and National Equity Fund.

SIDBI has also created a Venture Capital Fund for small-scale entrepreneurs using innovative indigenous technology and expertise.

SIDBI's financial schemes can be classified into:

- Refinance Schemes,
- Equity-Type Assistance Schemes,
- Schemes of Direct Assistance, and
- Bill Discounting.

In order to promote women entrepreneurship SIDBI has created Mahila Vikas Nidhi. It is a specially designed fund for economic development of women, especially the rural poor, by providing them avenues for training and employment opportunities.

SIDBI provides development and support services to enhance the capabilities of enterprises in the small scale sector and for development of entrepreneurial skill broadly in the following areas: technology upgradation, skill upgradation, management support, marketing support and quality promotion (Refer Appendix 23).

Industrial Development Bank of India Limited (IDBI):

IDBI was a wholly owned subsidiary of Reserve Bank of India (RBI). It was delinked from RBI with effect from February 1976 and was made an autonomous corporation fully owned by the GOI. The merger of IDBI Bank with Industrial Development Bank of India Limited took place with effect from October 01, 2004, with the transfer of the undertaking of IDBI to IDBI Limited. IDBI is the apex financial institution that

coordinates the various financial institutions of the country. It provides financial assistance including term loans on consortium basis and refinance facility to eligible financial institutions. The bank sanctions financial assistance to industrial concerns engaged in the manufacture or processing of goods, mining, transport, generation and distribution of power etc., in both private the and public sectors. There is no restriction on the quantum of assistance or the maximum or minimum limits.

IDBI finances new projects, expansions, diversifications, modernizations of projects whose cost exceeds Rs.3 crores. It also gets indirectly involved in the projects costing less than Rs. 3 crores as it provides refinance facility to the primary lending institutions i.e., State Financial Corporations, State Industrial Development Corporations, Commercial Banks, etc. (Refer Appendix 24)

ICICI Bank Ltd (ICICI):

ICICI Bank Limited is the largest private sector bank in India, providing a broad spectrum of financial services to individuals and companies. The Technology Group, a department of ICICI Bank Limited aims at assisting innovative projects to develop new technologies, products and processes and to promote clean, efficient technologies. Currently, the group is focusing on emerging sectors such as biotechnology, energy, environment and child and reproductive health. The Technology Group implements projects of United States Agency for International Development (USAID), Industrial Bank for Reconstruction and Development, and Asian Development Bank (ADB)

Industrial Financial Corporation of India Limited (IFCI):

IFCI was established in 1948 as a development bank to provide medium and long-term credit more readily to industrial concerns in India. This arrangement continued until the early 1990s when it was recognized that there was need for greater flexibility to respond to the changing financial system. It was also felt that IFCI should directly access the capital markets for its funds needs. It is with this objective that the constitution of IFCI

was changed in 1993 from a statutory corporation to a company under the Indian Companies Act, 1956. Subsequently, the name of the company was also changed to "IFCI Limited" with effect from October 1999. Its major activities are term lending, merchant banking, financial services, refinance and bill finance, venture capital, rehabilitation assistance, and forex services.

Industrial Investment Bank of India Ltd. (IIBI):

In April 1971, the IDBI had set up Industrial Reconstruction Corporation of India (IRCI), as a joint-stock company, to provide reconstruction and rehabilitation assistance. IRCI was reconstituted and renamed as IRBI in 1985 under the IRBI Act, 1984 as the principal credit and reconstruction agency for aiding rehabilitation of sick and closed industrial units. With a view to converting IRBI into a full-fledged all purpose development financial institution, it was incorporated as a government company in the name of Industrial Investment Bank of India Ltd. (IIBI), under the Companies' Act, 1956 on March 17, 1997 thereby providing it with adequate operational flexibility and financial autonomy. Besides project finance, IIBI also provides short duration non-project asset-backed financing in the form of underwriting/direct subscription, deferred payment guarantees and working capital/other short-term loans to companies to meet their fund requirements.

It functions as a principal credit and reconstruction agency for industrial revival, modernization, rehabilitation, expansion, reorganization, diversification and rationalization. It is empowered to grant loans and advances, underwrite stocks, shares and bonds and guarantee loans, performance, and deferred payments. It gives assistance for capital expenditure, addition of balancing equipment, correcting imbalances in working capital of sick, weak or closed units and those facing imminent closure.

Its development activities include provision of infrastructural facilities, raw materials, consultancy, merchant banking services, and lease finance and hire purchase credit. Units in the public, private, co-operative, and joint sectors are covered by its operations.

National Bank for Agriculture and Rural Development (NABARD):

NABARD is an apex institution, empowered to deal with all matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in the rural areas in India. It provides credit for the promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas.

5.4.2 Funding Options in the State Of Rajasthan

Every state has a State Financial Corporation to advance term loans to small enterprises.

Rajasthan Financial Corporation (RFC):

The Rajasthan Financial Corporation was established on January 17, 1955 for providing long term financial support to tiny, small scale and medium scale industries in the State of Rajasthan. It is the development bank of the State.

Many of the loan schemes of RFC are tailor-made for specific entrepreneurial classes. It also offers various other financial services such as bill discounting, short-term financing and deferred payment guarantees. It has established a Business Promotion Cell and an Entrepreneurs Guidance Cell at its head office, which provide assistance, and guidance to entrepreneurs.

Branches of RFC function as entrepreneurial guidance centers and exercise considerable delegated authority in regard to sanction, documentation and disbursement of financial assistance (Refer Appendix 25).

Rajasthan Industrial Development and Investment Corporation Ltd. (RIICO):

RIICO provides a unique financial package to investors for small, large and medium industrial projects. RIICO provides term loans to projects in the industrial, commercial and social infrastructure sectors. It provides financial assistance to projects costing up to Rs.120 million under the SIDBI or IDBI refinance schemes. For projects costing more than Rs.120 million, RIICO does self-and joint-financing with other financial institutions and commercial banks. RIICO provides financial assistance to medium and large industrial units, hotels, hospitals, road projects, educational institutions, commercial complexes, multiplexes, etc (Refer Appendix 26).

5.4.3 Other Funding Options:

In addition to the above, these are other funding options.

Prime Minister's Rozgar Yojana (PMRY):

The Scheme was launched on 2nd October 1993 and is designed to create and provide sustainable self-employment opportunities to one million educated unemployed youth in the country during the 8th Plan period (1992 – 1997). Training is provided to the people to whom loans are sanctioned. The Ministry of Agro and Rural Industries is the nodal agency for implementation of PMRY. The Salient Features of the scheme are presented in Appendix 27.

PMRY was initially implemented only in urban areas. From 1994-95 PMRY has been operational in both urban and rural areas. The scheme gives preference to the weaker sections of society. The scheme is implemented through DICs, State Directorate of Industries and banks. Self-help groups can also be considered under the scheme. Appendix 28 provides the status of PMRY scheme from the year 1993-94 to 2002-03.

Rashtriya Mahila Kosh (RMK):

Rashtriya Mahila Kosh (National Women's Credit Fund) is an institution established for extending credit to poor women. In the year 1993, the Department of Women & Child Development, Ministry of Human Resource Development, GOI set up this institution as an independent registered society.

This is the most prominent national level micro finance organization in India. It supports employment programmes for women. Each programme generally consists of a series of action plans intended to strengthen and improve women's work and employment.

Venture Capital Organizations:

Venture capital organizations in India can be categorized into national level, state level and private venture capitalists. The details of their schemes and other features are provided in the Appendix (Appendix 29 to Appendix 31).

The institutional programmes providing assistance to prospective beneficiaries, was studied. The whole picture was so confusing that it was difficult to fathom as to how the beneficiaries at large would understand the range of assistance available to them. The information therefore was recast in a comprehensible format. (Refer Figure 5.2)

Note: Asterisk marks signify that further restrictions may be applicable as specified by the concerned organization / scheme.

In the history of industrial development in our country the policy decisions are formulated on the basis of Industrial Policy Resolution (IPRs) with effect 1948 till date. This is made as per the constitutional provision of detailed independence both at the central and provincial levels. In all the policy decisions, both governments have acted in the public interest, formulated and implemented the policies in a resource / location specific manner. In the ambit of above a modular approach to integrate the variabilities that are adopted in the policies appears to be inflexible. However the data so collected has figured out the trends of development district-wise which is depicted in the thesis. The institutional competency for the spread of the SSIs indicating the district-wise figures are the result of such policy decisions now in practice.

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