Chapter III

Entrepreneurship and Entrepreneurial Traits – Theories and Concepts
Chapter -III

ENTREPRENEURSHIP AND ENTREPRENEURIAL TRAITS
– THEORIES AND CONCEPTS

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3.1 INTRODUCTION

India occupies the second place in population next to china. In other words, India takes the second place in population demographically speaking. Because it is the more population country, the unemployment problem increases more. At the same time, India has natural resource, human resources and other materials found largely. India occupies third places economically, this is main instrumental of traditional industries as well as peoples entrepreneurial endeavours and enterprises. The necessary changes are due to the part played by industrial entrepreneurs. The progress of the entrepreneurs exceeded more because of their effort leading to beyond the bounders. Both the central and state governments have implemented many schemes for the last 10 years. Furthermore many private committees and entrepreneurs have been helping in this regard.

In the feature students wanted to develop the society, today’s students’ intentions and ideas must be shaped to develop in the same pattern, for much needed progress. The educated student must be developing to become the best entrepreneurs. The entrepreneurs where not born but they have been developed to become such entrepreneurs as day went by experiences. The spirit of entrepreneurship bring about enthusiasm, persistence and the abiding to seek entrepreneurial opportunities that lead to success, it was the industrial religion of the twentieth century.¹ The Australian economist joseph Schumper says “Entrepreneurs are pillars of strength, symbol of legitimacy, role models”. They provide the new ideas and new blood. They create new combinations out of

resources and are therefore, creative destroyers and destructive creators. The distinctive element is that entrepreneurs act outside the place of routine.²

3.2 IMPORTANCE OF ENTREPRENEURIAL TRAITS

Entrepreneurial talent exists in every society and in all sections of the society in India, it is believed that the tremendous latent entrepreneurial talent exists, which if properly harnessed, can help accelerate the place of socio-economic Development. But entrepreneurship depends upon a whole series of environment conditions and appropriate personal motivation. It has been successful shown that entrepreneurship is associated with the personality pattern in which achievement motivation is strong. The achievement motivation can be developed through training and experience.

Entrepreneurial characteristic are found through a combination of various social, economical and psychological factor to which the person becomes subject right from childhood. These factors reinforce in him / her usage to excel others and seek satisfaction I creative his/her own new security –oriented job. In the absence of these reinforcing element which go ito the formation of the entrepreneurial personality however successful a person may be in his/her academic life. It does not guarantee that he /she would become a successful entrepreneur. Something more than more academic excellence is a pre-requisite for becoming a successful entrepreneur. It is natural that every one of us has an urge to exercise power over others in various degrees. The urge to control and possess property allows a person to grow into a leader, farmer, trader, industrialist,

scientist, doctor or an entrepreneur. An entrepreneur is a person who isolates purchase and sale opportunities and exercises his intelligence to utilize such opportunities to increase his economic power.

Around the world it is found certain entrepreneurs are doing exceedingly well. The questions that normally arise are—who are they? What they posses? In their case there is a judicious mixture of knowledge, skill and personality. All these are called entrepreneurs traits and competencies. But it is important to mention that the existence of these underlying characteristics may or may not be known to the person concerned. This implies that the underlying characteristics may be the unconscious aspect of the persons. It was strongly demonstrated in the experiment popularly known as Kakinada experiment Conducted by McClelland. The experiment also proved that the achievement motivation is to be developed from a very young age. But the presence of a strong achievement motivation in a group of individual does not necessarily produce a number of entrepreneurs unless certain other conditions of culture strongly attract achievement –oriented individuals to economic purists. According to B.C.Tandon a true entrepreneurs will normally have the following qualities namely propensity to take risk, adaptability, ability to marshal resources and organisation and administration.

Self–confidence, risk taking ability and leadership are the inherent traits of an entrepreneur’s propensity to take risk where as innovation, initiative, preference and hard work help him to adapt to changing conditions. Similarity, planning and foresight and achievement perspective help him to mobilize the necessary resource in the best possible manner to achieve business objectives. Human relations and decision making ability help him in respect of the organisation and administration of a suitable vocation. Any individual with an entrepreneurial frame work of mind
will always act irrespective of time, place and position. Persons having a minimum
level of latent qualities can be successfully groomed into entrepreneur. It becomes,
therefore, necessary to judge the latent potential of the would be entrepreneurs by
measuring the existing level of entrepreneurial traits present among the students
here the sample respondents.

3.3 CONCEPT OF ENTREPRENEUR

The word ‘Entrepreneur’ first appeared in the French language and was
applied to leaders of military expeditions in the beginning of the sixteenth century.3

After 1700 it was applied to other types of adventures, mainly civil
engineering like the construction of roads, bridges, harbours and buildings.
Bernard Belidor applied it to the function of buying labour and material uncertain
prices and selling the resultant product at a contracted price.4

Richard Cantillon, an Irishman living in France, was the first person to use
the term ‘entrepreneur’ to refer to economic activities. He defined an entrepreneur
as a person who buys factor service at certain price with a review to sell its
product at uncertain prices in the future. He conceived of an entrepreneur as a
bearer of non-insurable risk. According to him, entrepreneurs carry on production
and exchange of goods at some risk, facing the possibility of bankruptcy when the
demand for their product is depressed. He distinguished between the owner and an

3 Thomas C.Cochrah, ‘Entrepreneurship’ in David L.Spills (ed) :The International
Encyclopaedia of the social sciences, Vol.5, the free press 1968,p.p87-90
4 Bert F.hoselitz, “The Early History of Entrepreneurial Theory”, Explorations in
entrepreneur. Writers in the 17th and 18th countries opined that the essential characteristic of an entrepreneur was to take risk and create innovations.\(^5\)

The French economist J.B.say defined an entrepreneur as the agent who unites all means of production and who finds in value of the products the re-establishment of the entire capital he employs, and the value of the wages, the interest, and the rent which he plays, as well as the profits belonging to himself. He may or may not supply capital, but he must have judgement, perseverance and a knowledge of the world of business. He must possess the art of superintendence and administration.\(^6\)

The classical economists never defined the term entrepreneur precisely. Words like adventurer, undertaker and projector were used in the writings of Adam Smith, pigou and others.\(^7\)

Adam Smith did not use the word entrepreneur at all. Instead he used the word employer, the master, the merchant and the undertaker. He allowed no returns for direction and organisation. In the classical age, capitalist and entrepreneur remained inseparable entities due to small size and closely held firms. Alfred Marshall mentioned the difference between the functions of the capitalist and management. But he did not elaborate upon the difference. He stressed the significance of organisation, undertaking risk, bringing together

\(^5\) See for instance Cochran, op.it.p.88 and hoselitz, opcit,pp.205-212.

\(^6\) J.B.Say, A.Treatise on political economy ,Boston,1924 , vol.2app.55-59

\(^7\) Fritz Redlict the origins of the concepts of Entrepreneur and creative Entrepreneur.
capital and labour arranging or engineering the general plan and superintending minor details.  

In 1870 francis A.Walker made a distinction between capitalist and entrepreneurs calling the latter as engineers of progress and the chief agents of production. In 1882 F.B.Hawley described risk taking as the distinguishing attribute of the entrepreneur and ranked this at par with the other factor of production like land, labour and capital.  

All classical economists recognised the importance of entrepreneurial function but did not incorporate his unquantifiable agent into their quantified theories. As a result entrepreneurship could not become a popular concept. Different scholars defined the functions of an entrepreneur differently. Innovation, risk taking, leade4rship, organisation building, high n.Achievement gap filling were identified as the important ingredients of entrepreneurship. It was also recognised that the entrepreneurial characteristics would differ according to internal setting of the enterprise.  

If there is no uncertainty in a venture, no risks exist and, therefore, no entrepreneurship is involved. Thus innovativeness and risk taking are essential. John Kunkel considered entrepreneurship a function of social, political and economic structure.  

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8 Explorations in Entreprneurial History, 1949, vol.1,app 1-7
9 Cachran ,op-cit,p.89
On the other hand, Max Weber treated entrepreneurship as a function of religious beliefs.\textsuperscript{12}

According to Schumpeter economic development can take place only through creative innovations and change. The innovations may relate to new product, technology, new sources of raw material, new market or new organisation. An entrepreneur is the agent who works as a catalyst to activate these events. He is an innovator and creates surpluses. Entrepreneurial profits are a surplus over interest and rent due to successful introduction of technological, commercial or organisational improvements.\textsuperscript{13}

The word ‘entrepreneur’ has been taken from the French language where it cradled and originally meant to designate an organiser of musical or other entertainments. Oxford English dictionary (in1987) also defined an entrepreneur in similar way as “the director or a manager of a public musical institution, one who ‘gets-up’ entertainment, especially musical performance”. In the early 16\textsuperscript{th} century, it was applied to those who were engaged in military expeditions. It was extended to cover civil engineering activities such as construction and fortification in the 17\textsuperscript{th} century.\textsuperscript{14}

The term entrepreneur was first used by Richard Cantillon in his essay on “The Nature of Commerce” (1755). According to him an entrepreneur was one


\textsuperscript{14} T.C.Cocharn, Entrepreneurial Behaviour and Motivation, Explorations and Entrepreneurial History,1950,vol.2,pp.304-307
who buys factor services at certain prices in order to combine them to produce a product and sell it at uncertain prices at the moment at which he commits himself to his costs. This analysis recognizes that an entrepreneur has the willingness to bear risk. Cantillon viewed the term entrepreneur from the supply side and ignored the demand side.\textsuperscript{15}

It can also be supplemented with Hoselitz’s (1951) words. The word entrepreneur comes from the French word ‘entreprendre’, which means ‘to do some thing, and it was originally used in the Middle Ages in the sense of a ‘person’ who is active, who gets things done.\textsuperscript{16}

The term entrepreneur was later applied to architects. Seeing such activities as the entrepreneurial function, Bernard f.de.Bolidor, Says and Hoselitz, defined it as buying labour and material at uncertain prices and selling the resultant product at a contracted price. (Gautam, 1979).

Vesper (1980) mentions that there are 11 types of entrepreneurs operating in the community. However, all of Vesper’s types are private sector related.\textsuperscript{17} Ciastkowski and Vailey (1990) write: “It is of interest to note however that when entrepreneurs are defined, they are rarely characterized by the pursuit of financial gain. Thus persons who work in the public or social system might also be defined


as entrepreneurs if the entrepreneurial processes of searching for opportunities and accessing resources are applied to this public or social role.”

Harold (1994) stated that entrepreneurs take personal risks in initiating change, and they expect to be rewarded for it. They need some degree of freedom to pursue their ideas, this in turn requires that sufficient authority be delegated.

Sarmah and Singh (1994) stated that an entrepreneur is one who can transform raw materials into goods and services, who can effectively utilize physical and financial resources for creating wealth, income and employment, who can innovate new products, standardize or upgrade existing products for creating new markets and new customers.

Based on the above review, the present research views an entrepreneur as a change agent, an innovator who is also a risk taker, who exploits business opportunities in his environment and utilize resources effectively to develop new technologies, produces new products and services to maximize his profits and contributing significantly to society’s development. This view encompasses the desire of the entrepreneur to maximize profit and contribute to economic and social well being of the society. It shows the entrepreneur as one who is also imbued with the ability to organize a business venture with the desire to achieve valued goals or results. He is a catalyst of economic or business activities. The compound of all these attributes in operation may be termed as ‘entrepreneurship’.

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3.4 CONCEPT OF ENTREPRENEURSHIP

The term entrepreneurship is often used synonymously with the entrepreneur though they are two sides of the same coin conceptually they are different the entrepreneur is essentially a business leader and the functions performed by him is entrepreneurship.

Arthur Cole has stated that entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate maintain or organise a profit oriented business unit for the production of distribution of economic goods and service.

Prof. James R. Omps is of the view that limited natural resources food shortages over population energy shortages and lack of technology are the factors that are being cited for today's problems. But he opines that the critical factor whose shortage is bothering the present day nations is the dire shortage of the appropriate economic innovator and implementer the entreprenologists

Dr. C. Mc. Clelland has identified two characteristics of entrepreneurship firstly doing things in a new and better way. Secondly it is decision making in conditions of uncertainty.

Benjamin Higgins has defined entrepreneurship as entrepreneurship means the function of foreseeing investment and production opportunity organising an enterprise to undertake a new production process raising capital hiring labour arranging for the supply of raw materials and selecting top managers for the day to day operation of the enterprise.
According to Peter F. Drucker, entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge in entrepreneurship is a means to an end. Indeed what contributes knowledge in practice is largely defined by the ends that is by the practice.

In Drucker's view, entrepreneurship is considerably less risky if the entrepreneur is methodical and does not violate elementary and well known rules. There is no doubt that entrepreneurship is a complex phenomenon but a systematic and disciplined approach can help entrepreneurship to grow and develop.

Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk, taking appropriate to the opportunity and through the communicative and management skill to mobilise human financial and material resources necessary to bring a project to fruition.\(^{20}\)

In the opinion of A.H. Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain or aggrandise profit by production or distribution of economic goods and service.\(^{21}\)

According to Schumpeter, "Entrepreneurship is based on purposeful and systematic innovation. It included not only the independent business man but also company directors and manager who actually carry out innovative function.\(^{22}\)

\(^{20}\) John Kao and Howard Stevenson (Eds) Entrepreneurship what it is and how to teach it division of research Harvard business school, 1984


\(^{22}\) J.A. Schumpeter, op.cit., 1949 concept of entrepreneurship – A Historical perpective pg no 28. Pondicherry university
Increasing attention is being given to entrepreneurship as a component of economic growth. Entrepreneurship plays a vital role in the economic development of any country and it can be as well linked to economic growth and ultimately to the overall prosperity of any nation.


Sociologists maintain that certain cultures are more effective in promoting entrepreneurship than others (Shapero and Sokol, 1982: Young, 1971). They suggest a need for a national programme of social enlightenment to promote entrepreneurial values and related sociological qualities among non-traditional entrepreneurial classes.24

Social psychologists, on the other hand, associate entrepreneurship with certain psychological characteristics and traits that members of a society exhibit. These traits include need for achievement (McClelland, 1961)25, propensity to take


risk, and locus of control (Brockhaus, 1982)\textsuperscript{26} and so on. Policy implications stemming from this view have emphasized the provision of rigorous training to particular individuals in order to instill the psychological qualities necessary for entrepreneurial success. For example, McClelland (1961) argued that the “urge to achieve” noted across different social groups subject to the condition that the members of such groups develop their entrepreneurial competency.

3.5 WHO IS AN ENTREPRENEUR?

In common parlance an entrepreneur means a person who set up his own business or industrial undertaking with a view to make profit “An entrepreneur is a person who sets up business deals in order to make a profit.”\textsuperscript{27}

The Word “entrepreneur” is derived from French verb entreprendre. It means to undertake. In the early sixteenth century, the Frenchmen who organised and led military expeditions were referred to as entrepreneurs”.\textsuperscript{28}

The term entrepreneur was applied to business to business by the early eighteen century French economist Richard Cantillon. Since that time the term entrepreneur has been used to describe one who takes the risk of starting a new organisation or introducing a new idea, product or service to society.\textsuperscript{29}

\begin{footnotesize}
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\item Collins cobuild English language dictionary,1987.
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According to him “An Entrepreneur is the who always searches for changes, responds to it, and exploits it as an opportunity” in other words entrepreneurship is: creating something new, introducing ideas radically different from routine offering product to satisfy needs that, hitherto have remained undiscovered and above all a consistent commitment to innovation and quality.\(^{30}\)

The importance of entrepreneurs to progress cannot be most succinctly expressed than Zin Kins Statement, “No entrepreneur, No Development” Indeed, the inactivity or scarcity of entrepreneurs has for sometime been the factor seen by many Asian countries as a major hindrance to economic development.

“Entrepreneurs are Born and Not Made” Entrepreneurs are born and not made vs. ‘entrepreneurs can be development’ are two statements which call for a discussion. Since entrepreneurial qualities are to some extent innate. i.e., in born hence entrepreneurs are born is partially true. However qualities entirely are not inborn, some can be enhanced by training and some can be acquired by experience.

However, a closer look reveals that the question could actually be stated as “Why does an entrepreneur start a venture?” which was stated as a failure of trait theoretic approaches in Gartner (1989.47). Since the principal purpose of a venture is to add value through profit and growth, it has to be innovative to gain the so-called abnormal profit or economic rent that may simultaneously be a necessary condition for growth.

\(^{30}\) Innovation is the key, Business Entrepreneur-supplement to the week (malayala manorama publication), dec,12,1993. Quoted with permission.
3.6 WHO CAN BE AN ENTREPRENEUR?

Anyone who wants to become an entrepreneur can become one. All he or she to do is keep an open mind search. Understand and analyse the implication of change all around. A systematic search for change will throw up many valuable innovations and innovations are the key to entrepreneurship.  

Entrepreneurship is not a matter of heritage it is entirely a manifestation of such potentialities that any individual born in any case, community and creed can have. As such any person having a certain set of behavioural tracts and mental aptitude in him/his can become an entrepreneur. Besides there is no need for such a person to be groomed from the very childhood for becoming an entrepreneur. Even if he is grown up has worked on a different line and has developed these traits or aptitude he or she can be groomed and developed as an entrepreneur through counselling and motivational measures.

The success of an entrepreneur depends on the intelligence imagination and strength of purpose of the individual. Turning visions into realities is more about hard work than good luck. Jamshedji Tata Jamnalal Bajaj, Laxmanrao Kirloskar, G.O.Birla, Dhirubhai Ambani are some of the Indian entrepreneurs who have proved their entrepreneurial abilities. The behavioural traits and mental aptitudes required for an entrepreneur are typically illustrated in the article, “A Does Not A Dreamer”

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32 Innovation is the key business entrepreneurs supplement to the week. (Malayala Manorama Published) Dec 23, 1993. Quoted with permission.
3.7 GROWTH OF ENTREPRENEURSHIP IN INDIA

That a proper understanding of the growth of entrepreneurship of any country would evolve within the context of the economic history of the particular country becomes the subject matter of this section. The growth of entrepreneurship in India is, therefore, presented into two sections, viz. Entrepreneurship during Pre-Independence and Post-Independence.

3.7.1 Entrepreneurship during Pre-Independence

The evolution of the Indian entrepreneurship can be traced back to even as early as Rigveda, when metal handicrafts existed in the society.\(^{33}\) This would bring the point home that handicrafts entrepreneurship in India was as old as the human civilization itself, and was nurtured by the craftsmen as a part of their duty towards the society. Before India came into contact with the West, people were organised in a particular type of economic and social system of the village community. Then, the village community featured the economic scene in India. The Indian towns were mostly religious and aloof from the general life of the country. The elaborated caste-based diversion of workers consisted of farmers, artisans and religious priests (the Brahmins). The majority of the artisans were treated as village servants. Such compact system of village community effectively protecting village artisans from the onslaughts of external competition was one of the important contributing factors to the absence of localisation of industry in ancient India.\(^{34}\)


3.7.2 Entrepreneurship During Post-Independence

After taking a long sigh of political relief in 1947, the Government of India tried to spell out the priorities to devise a scheme for achieving balanced growth. For this purpose, the Government came forward with the first Industrial Policy, 1948 which was revised from time to time.\textsuperscript{35} The Government in her various industrial policy statements identified the responsibility of the State to promote, assist and develop industries in the national interest. It also explicitly recognised the vital role of the private sector in accelerating industrial development and, for this, enough field was reserved for the private sector. The Government took three important measures in her industrial resolutions:

(i) To maintain a proper distribution of economic power between private and public sector;

(ii) To encourage the tempo of industrialisation by spreading entrepreneurship from the existing centres to other cities, towns and villages, and

(iii) To disseminate the entrepreneurship acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata.\textsuperscript{36}

To achieve these adumbrated objectives, the Government accorded emphasis on the development of small-scale industries in the country. Particularly since the Third Five Year Plan, the Government started to provide various


incentives and concessions in the form of capital, technical know-how, markets and land to the potential entrepreneurs to establish industries in the industrially potential areas to remove the regional imbalances in development. This was, indeed, a major step taken by the Government to initiate interested people of varied social strata to enter the small-scale manufacturing field. Several institutions like Directorate of Industries, Financial Corporations, Small-Scale Industries Corporations and Small Industries Service Institute were also established by the Government to facilitate the new entrepreneurs in setting up their enterprises. Expectedly, the small-scale units emerged very rapidly in India witnessing a tremendous increase in their number from 121,619 in 1966 to 190,727 in 1970 registering an increase of 17,000 units per year during the period under reference.

The recapitulation of review of literature regarding entrepreneurial growth in India, thus, leads us to conclude that prior to 1850; the manufacturing entrepreneurship was negligible lying dormant in artisans. The artisan entrepreneurship could not develop mainly due to inadequate infrastructure and lukewarm attitude of the colonial political structure to the entrepreneurial function. The East India Company, the Managing Agency Houses and various socio-political movements like Swadeshi campaign provided, one way or the other, proper seedbed for the emergence of the manufacturing entrepreneurship from 1850 onwards.

The wave of entrepreneurial growth gained sufficient momentum after the Second World War. Since then the entrepreneurs have increased rapidly in numbers in the country. Particularly, since the Third Five Year Plan, small entrepreneurs have experienced tremendous increase in their numbers. But, they lacked entrepreneurial ability, however. The fact remains that even the small
entrepreneurship continued to be dominated by business communities though at some places new groups of entrepreneurs too emerged. Also, there are examples that some entrepreneurs grew from small to medium-scale and from medium to large-scale manufacturing units during the period. The family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar and others grew beyond the normally expected size and also established new frontiers in business in this period. Notwithstanding, all this happened without the diversification of the entrepreneurial base so far as its socio-economic ramification is concerned.

3.7.3 Earliest Period

An early example of the earliest definition of an entrepreneur as a go-between is Marco Polo, who attempted to establish trade routes to the Far East. As a go-between, Marco Polo would sign a contract with a money person to sell his goods. A common contract during this time provided a loan to the merchant-adventurer at a 22.5 percent rate, including insurance. While the capitalist was a passive risk bearer, the merchant-adventurer took the active role in trading, bearing all the physical and emotional risks. When the merchant-adventurer successfully sold the goods and completed the trip, the profits were divided with the capitalist taking most of them (up to 75 percent), while the merchant-adventurer settled for the remaining 25 percent.

3.7.4 Middle Ages Period

In the middle Ages, the term entrepreneur was used to describe both an actor and a reason who managed large production projects. In such large production projects, this individual did not take any risks, but merely managed the project using the resources provided, usually by the government of the country. A
typical entrepreneur in the Middle Ages was the cleric—the person in charge of
great architectural works, such as castles and fortifications, public buildings,
abbeys, and cathedrals.

3.7.5 Seventeenth Century

The connection of risk with entrepreneurship developed in the 17th century,
with an entrepreneur being a person who entered into a contractual arrangement
with the government to perform a service or to supply stipulated products. Since
the contract price was fixed, any resulting profits or losses were the entrepreneur's.
One entrepreneur in this period was John Law, a Frenchman, who was allowed to
establish a royal bank. The bank eventually evolved into an exclusive franchise to
form a trading company in the New World—the Mississippi Company.
Unfortunately, this monopoly on French trade led to Law's downfall when he
attempted to push the company's stock price higher than the value of its assets,
leading to the collapse of the company. Richard Cantillon, a noted economist and
author in the 1700s, understood Law's mistake. Cantillon developed one of the
early theories of the entrepreneur and is regarded by some as the founder of the
term. He viewed the entrepreneur as a risk taker, observing that merchants,
farmers, craftsmen, and other sole proprietors “buy at a certain price and sell at an
uncertain price, therefore operating at a risk”37.

3.7.6 Eighteenth Century

Finally, in the 18th century, the person with capital was differentiated from
the one who needed capital. In other words, the entrepreneur was distinguished

37 Robert F. herbert and Albert H. link, The Entrepreneur-Mainstream views and radical
from the capital provider (the present-day venture capitalist). One reason for this
differentiation was the industrialization occurring throughout the world. Many of
the inventions developed during this time were reactions to the changing world, as
was the case with the inventions of Eli Whitney and Thomas Edison. Both
Whitney and Edison were developing new technologies and were unable to
finance their inventions themselves. Whereas Whitney financed his cotton gin
with expropriated British crown property, Edision raised capital from private
sources to develop and experiment in the fields of electricity and chemistry. Both
Edison and Whitney were capital users, not providers. A venture capitalist is a
professional money manager who makes risk investments from a pool of equity
capital to obtain a high rate of return on the investment.

3.7.7 Nineteenth and Twentieth Centuries

In the late 19th and 20th centuries, entrepreneurs were frequently not
distinguished from managers and were viewed mostly from an economic
perspective. Briefly stated, the entrepreneur organizes and operates and enterprise
for personal gain. He pays current prices for the materials consumed in the
business, for the use of the land, for the personal services he employs, and for the
capital he requires. He contributes his own initiative, skill, and ingenuity in
planning, organizing, and administering the enterprise. He also assumes the
chance of loss and gain consequent to unforeseen and uncontrollable. The net
residue of the annual receipt of the enterprise after all cost have been paid, he
retains for himself.38

38 Richard T.Ely and Ralph H.Hess, Outlines of economic, 6th ed.( New York: macMillan,
Andrew Carnegie is one of the best examples of this definition. Carnegie invented nothing, but instead adapted and developed new technology into products to achieve economic vitality. Carnegie, who descended from a poor Scottish family, made the American steel industry one of the wonders of the industrial world, primarily through his unrelenting competitiveness, rather than his inventiveness or creativity.

In the middle of the 20th century, the notion of an entrepreneur as an innovator was established: The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or a new outlet for products, by reorganizing a new industry.39

The concept of innovation and newness is an integral part of entrepreneurship in this definition. Indeed, innovation, the act of introducing something new, is one of the most difficult tasks for the entrepreneur. It takes not only the ability to create and conceptualize but also the ability to understand all the forces at work in the environment. The newness can consist of anything from a new product to a new distribution system to a method for developing a new organizational structure. Edward Harriman, who reorganized the Ontario and Southern railroad through the Northern Pacific Trust, and John Pierpont Morgan, who developed his large banking house by reorganizing and financing the nation's industries, are examples of entrepreneurs fitting this definition. This organizational innovations are frequently as difficult to develop successfully as the more

traditional technological innovations that are usually associated with being an entrepreneur. This ability to innovate can be observed throughout history, from the Egyptians who designed and built great pyramids out of stone blocks weighing many tons each, to the Apollo laser module, to laser beams. Although the tools have changed with advances in science and technology, the ability to innovate has been present in every civilization.

3.7.8 Twenty-First Century in Entrepreneurship:

Small enterprises have made considerable contribution in the socio-economic development of almost all the countries including India, although in our country the increasing pressure of population and unemployment has made this contribution a little insignificant. In India, ever since the days of Gandiji, the small industry movement has been largely regarded as a vehicle for uplifting the weakness section of the population whether it is handloom wears, handicraft workers, rural women spinning at home, the rural artisans or the urban craftsmen all of them look to specific support in being able to complete with the modern industrial sector.

After independence, when the problem of regional imbalance began to appear, small industry was considered as the natural vehicle for redressing such imbalances. More recently when the problem of unemployment has began to take an acute form, the ability of small industry to provide jobs at a comparatively lower cost has made it an attractive pattern of economic development for they planners and the administrators. In fact, for a developing and a big country like India, the SSI sector is most suited because it provides high employment opportunities at lower capital investment, harasses locally available resources and
entrepreneurship; provides balanced economic and religion development, helps in reducing worries and social tension among youth by providing gainful employment to them and is more innovative in nature.

It is now well recognised that small industry forms an important sector of the national economy. More than 15 million persons are employed in small scale sector. It is therefore, needless to emphasise that the SSI sector constitutes the backbone of economic structure of our country. The relevance of small scale sector to India’s economic development has been increasing with the passage of time. The programme of modern small scale industry development in India is nearly five decades old and is perhaps the most established for any developing country. The coming years of the 21st century promise to be momentous ones, with far reaching changes in the economy of the country. It is interesting to speculate what the next century will mean to the small scale sector.

3.7.9 Entrepreneurial Scenario and Opportunities in 21st century

The future entrepreneur of 21st century will have to face considerable and severe competition not only from domestic industries but also from enterprises of global nature with liberation. The Indian entrepreneurs are facing several competitions from the global players even in such areas like consumer products which till recently had some protection. All this not to indicate that small scale entrepreneurs should be worried about liberalisation, privatisation and globalisation of our economy. The industrial revaluation in the 18th and 19th centuries gave a further impetus to the marketing of international products. The twentieth century has seen a rapid development of international business in both trade and industry as a result of advancement in communication and technology.
Globalisation on has become a pass word. Today technological changes are taking place at a greater place and the world is passing through an exciting state of technological progress on several fronts. India has a large reservoir of qualified science and technology manpower and the necessary infrastructure for indigenous R&D and industrial development.

In order to be competitive the least that we in India could possibly do, would be to institutionalise the retraining of our entrepreneurs to absorb newer technological skills. Otherwise, Industries in India may decline in the 21st century. It is in this context that technical institutions have a pivotal role to play. Given the intrinsic strength and social support measures, the sector can look forward to a level of sustained development in the coming years. In the day to come, there will be considerable shift in the way entrepreneurs can perceive business opportunities. Opportunities that are likely to emerge in the new environment can be categorized as follow:

- Tie-ups for joint ventures within and outside the sector.
- Growth in demand for differentiated products
- Access to new technology and process of manufacture base on a flexible manufacturing system to serve the demand for differentiated products.
- Access to markets which are non homogeneous and rapidly changing
- Expanding service sector.

Quality is a total concept .industry has to ingrain this concept right from raw material sourcing to production of finished products. New technology based firms such as semi conductors, computer aided design (CAD) and micro computer
industries in the USA and other developed countries are playing an important role in the emergence of new wave technology industry. Due to vast development taking place in the area of science and technology, potential for entrepreneurship in service sector in gaining immense scope the future belongs to service industries. This change also offers potential for entrepreneurship development in the area of export, technology, vending, information networking and so on. The new economic environment also offers scope for entrepreneurship in the agricultural sector. Some of the areas which provide immense scope for entrepreneurship are:

- Food processing and packing.
- Preservation of seasonal vegetables and fruits.
- Seed processing and preservation etc.

There is a need for entrepreneurship development programmes specially oriented to the needs of agricultural sector. Entrepreneurs need finance both for creation of fixed assets and current assets. In India, huge industrial set ups have been created for financing of industrial and business enterprises. Intrapreneuring is a revolutionary system of speeding up innovations within large companies by making better use of their entrepreneurial talent. It is evident from the above that many entrepreneurial opportunities will come about in the next century. Service sector provide a tremendous scope for entrepreneurship. Persons with suitable training and support can set up their ventures with minimum inputs in trends of investment both in rural and urban area.

It is time to reassess the entire scenario of entrepreneurship as it provided so far in our country and to foresee its development in the next century. Higher growth rates are indicative of greater entrepreneurial opportunities in the 21st
The future entrepreneurs have to be prepared through training and exposure for planning and launching an enterprise helping in mind the following:

- Technology and scope for modernisation
- Quality including ISO-9000 requirements
- Consumer satisfaction/ customer service.
- Energy conservation
- Pollution/ environmental aspects (conformance to ISO-14000 standard).
- Cost of production.
- Serving both national and international needs.

Another task which is important in serving the entrepreneur of 21st century is the creation of suitable data banks in technology and service available, arranging of technical tie-ups between compete open-minded entrepreneurs existing within the country and with entrepreneurs/ investors in other selected developing and developed countries. The Indian entrepreneur can get an opportunity to be a major player in scenario, a paradigm shift has to take place and we can also start our larch, if not a race, towards prosperity.

**3.8 INSTITUTIONAL SUPPORT TO ENTREPRENEURS**

The development of small scale industry is a state subject. But the Government of India has assumed responsibility for planning and co-ordinating the development programmes in view of the national importance ascribed to this sector. Therefore a number of organisations have been set up by the Government of India and the State Governments to promote and develop small scale industry.
The institutions that support the promotion and growth of small scale industry at the state and national levels are explained in this part.

**Institutions at the National Level**

1. Small Scale Industries Board (SSIB)
2. Small Industries Development Organisation (SIDO)
3. Small Industries Service Institute (SISI)
4. National Small Industries Corporation (NSIC)
5. National Productivity Council (NPC)
6. National Research Development Corporation (NRDC)

**Institutions at Tamil Nadu**

1. Small Industries Development Corporation (SIDO)
2. Industrial Technical Consultancy Organisation of Tamil Nadu (ITCOT)
3. District Industries Centre (DIC)

**3.8.1 Small Scale Industries Board (SS1B)**

The Government of India constituted the Small Scale Industries Board in 1954. It is an apex body constituted to render advice to the government on all issues relating to the development of small scale industries. The developmental work relating to small scale industries involves several departments and various institutions of central and state level. The main task of the Board is to facilitate co-ordination and linkage between various agencies/departments engaged in the development of small scale industry. The minister for Small Scale
Industries, Government of India is the chairman of the Board. The SSIB comprises 50 members including, the representatives of the Central and State Governments, RBI, State bank of india, financial institutions. Public sector undertakings and industry associations.

3.8.2 Small Industries Development Organisation (SIDO)

SIDO is the apex body and model agency for formulating, co-ordination and monitoring the policies and programmes for promotion and development of small scale industries. Development commissioner of Small Scale Industries is the Chief of SIDO and he is assisted by various directors and advisors. SIDO is engaged in evolving and implementing various programmes of training and management consultancy, economic investigation and survey, development of different type of small scale industries, industrial estates. Modernisation of SSI units and development of backward areas.

The functions of SIDO are performed through a network of institutions and associations agencies created for the specific functions. The SIDO functions through 27 offices, 31 SISIs, 37 Extension Centres. 3 product cum process Development Centre, 4 Production cum testing centres and 4 Regional Testing Centres.

3.8.3 Small Industries Service Institute (SISI)

The small Industries service Institutes are set up to provide Consultancy and training to small entrepreneurs. There are 28 SISIs set up all over India.
Functions of SISI

1. Technical Advisory Service
2. Workshop and Laboratory Services
3. Management Consultancy Services
4. Training of Workers, Foreman and Managers
5. Promotion of Entrepreneurship and Development of SSI in Rural and Underdeveloped Areas
6. Economic Service

3.8.4 National Small Industries Corporation (NSIC)

The National Small Industries Corporation (NSIC) was set up in 1955 to promote and foster the growth of small scale industry in the country. NSIC provides a wide range of services which are promotional in character.

3.8.5 National Productivity Council (NPC)

National Productivity Council is an autonomous body which provides the following services.

1. Consultancy in all areas of relating to small scale industry.
2. Training youth and prospective entrepreneurs.
3. Undertaking market surveys for state governments.
4. Post-investment service in areas like increasing productivity.
3.8.6 National Research Development Corporation (NRDC)

The National Research Development Corporation of India is established in 1953 as a non-profit organisation by the Government of India. It has been set up to develop and exploit local know-how, inventions, patents, and processes emanating from research and development institutions in India.

The functions of NRDC are as follows

1. Transfer of Technology:

NRDC releases to the interested entrepreneurs, technologies, patents and processes developed in various R&D institutions in India.

Development of Projects

The Corporation finances up to 50% of the expenditure involved in putting up pilot plants, building of prototypes, establishment of demonstration units, to make laboratory know-how suitable for commercial exploitation and to fill gap in the existing technologies.

Development and Promotion of Appropriate Technology:

NRDC is endeavouring to carry appropriate technology to poorer sections of the rural and semi urban population. It establishes demonstration units in suitable locations for popularisation of its need based technologies. For example, it developed and introduced a pedal operated machine that can produce leaf cups from leaves that provided employment opportunities.
Export of Technology

NRDC through its technical information system collects and disseminates information regarding Indian technologies and transfers them abroad.

Guidance to Entrepreneurs

A publication titled NRDC Processes, containing a list of technologies/processes as available with NRDC is made available to entrepreneurs periodically. The printed List of processes and the technical notes are widely published and given free of cost to entrepreneurs.

Turnkey Services

NRDC offers proven technologies to entrepreneurs on turnkey basis giving the necessary guarantee for yields, quality of the products, consumption of raw materials etc.

Participation in the Equity Capital

A scheme for participation in the equity capital of the companies formed to set up first commercial unit to exploit the technologies from NRDC has equity participation is upto 26% of the capital in industries which require an investment of Rs. 50 lakh or more.

3.8. 7 State Industries Development Corporations (SIDC)

The State Industries Development Corporations are set up in various States under the Companies Act, 1956 to cater to the primary developmental needs of tiny, small and village industries in the State.
In Tamil Nadu, the Small Industries Development Corporation Ltd (SIDCO) was set up in 1970 for the promotion and development of small scale industries in the state.

3.8.8 Technical Consultancy Organisations (TCOs)

Technical Consultancy Organisations (TCOs) have been conceived as service organisations for promotion of industrialisation in the country. The prime objective of these organisations is to provide a package of services under one root to entrepreneurs from the stage of project identification to successful implementation and working of the unit.

In order to make technical services available according to the local demand and resource endowment the TCOs are organised on a regional basis. There are 18 TCOs in different states sponsored by IDBI IFCI, ICICI and State Small industries Corporations.

3.8.9 Industrial and Technical Consultancy Organisation of Tamil Nadu (ITCOT)

ITCOT was incorporated in 1979 financial as a joint venture of leading financial institutions, State Development Corporations and Commercial banks to provide consultancy service to industry and service sectors.

The promoters of ITCOT are IDBI, ICICI, IFC, SIPCOT, TIIC, SIDCO and commercial banks, viz., SB1, Bank of Baroda, Canara Bank, UBI, Central Bank of India 10B, Indian Bank, The Lakshmi Vitas Bank and The Karur Vysya Bank.
3.8.10 District Industries Centre (DIC)

The establishment of district Industries centre in 1978 was a landmark in development of small and cottage industries in India. The industrial policy Resolution, 1977 proposed the setting up of District Industries Centre in the headquarters of each district in India. DIC was set up to provide under single roof all the services and support required by small and village entrepreneurs. The entrepreneurs who had to go to different agencies before that for assistance, finance, training, technical advice etc. would now be provided with all these services in one place. At present there are 422 DICs operating in 431 districts of our country.

3.9 INSTITUTIONAL FINANCE TO ENTREPRENEURS

Finance is one of the essential inputs for any business enterprise. In order to meet the financial requirements of small scale entrepreneurs, the Government of India and the State Governments have set up a number of financial institutions. The financial assistance provided exclusively to small scale industry by various institutions are described in this part.

3.9.1 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.

3.9.2 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.

3.9.3 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.

3.9.4 Small Industries Development Bank of India (SIDBI)

SIDBI was set up under the Small Industries Development Bank of India Act, 1989 as a wholly owned subsidiary of the IDBI. The Bank commenced its operations from April 2, 1990; by taking over the outstanding portfolio and activities of IDBI pertaining to its small scale sector. The SIDBI was delinked from IDBI to provide greater financial autonomy and operational flexibility in 2000. Now it is operating through its Head Office at Lucknow and a network of 5 regional and 21 branch offices spread over the country. 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.

3.9.5 Industrial Investment Bank of India (IIBI)

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.

3.9.6 Industrial Reconstruction Bank of India (IRBI)

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).

3.9.7 Indian Banking System and Commercial Banks (IBSCB)

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.

3.9.8 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.
3.9.9 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.

3.9.10 Unit Trust of India (UTI)

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.

3.9.11 State Financial Corporation’s (SFC)

State Financial Corporations have been set up in different states under SFCs Act passed by the Parliament on September 28, 1951. The first SFC was set up in Punjab in 1953. There are all 18 SFCs in the country. Of these 17 are set up under SFCs Act.

3.9.12 Tamil Nadu Industrial Investment Corporation (TIIC)

The Tamil Nadu Industrial Investment Corporation Ltd was established in 1949 under the Companies Act and functions as a full-fledged SFC. It provides financial assistance to tiny, small and medium scale industrial units for acquisition
of fixed asset. The financial assistance is given to set up new industries and also for expansion, diversification, modernization and for purchase of generators.

The Corporation provides term loan up to Rs. 800 lakh to private and public limited companies and co-operative societies, and up to Rs. 120 lakh to proprietary or partnership concerns.

3.10 VARIOUS SCHEMES OF FINANCIAL ASSISTANCE IN ENTREPRENEURSHIP

3.10.1 General Scheme

The scheme is intended to provide financial assistance for new projects or to expand the existing project. The assistance is also available for expansion, modernisation and diversification of existing units. The loan is given for purchase of land, construction of building and purchase of machinery / equipment. The present rate of interest is 15% p.a for term loans upto Rs. 25 lakhs and 15.25% for loans above Rs. 25 lakhs The term loan shall be repayable not exceeding 7 years including an initial moratorium of not more than 2 years.

3.10.2 Soft Loan Scheme / Seed Capital Loan

The soft loan scheme is meant for qualified/experienced entrepreneurs who are unable to bring in stipulated promoter's contribution. The entrepreneurs who do not have adequate resources to pay their contribution can avail this facility. The quantum of soft loan is the gap between promoter's contribution stipulated and the actual contribution that can he brought in by promoter. The assistance will be a maximum 209 of project cost subject to the maximum of Rs. 4 lakhs per project.
The soft loan is repayable along with the term loan repayment. Normally the repayment shall not exceed 5 years including the initial moratorium period. A nominal rate of interest of 1% per annum is payable. In case, the financial position and the profitability of the unit improves, a higher rate but not exceeding the normal rate of interest on term loan will be applied.

3.10.3 Single Window Scheme

Single Window Scheme is a composite loan for fixed capital and working capital. The projects not exceeding a total cost of Rs 20,000 lakh are eligible for assistance. Under this scheme, the repayment of working capital is fixed at 5 years and term loans 5 to 7 years. The repayment holiday is one year for capital component and 6 months to 2 years for term loan. The rate of interest for working capital and term loan depends on the SIDBI refinance rate prevailing at the time of sanctioning of the loan.

3.10.4 Scheme of Assistance for Acquisition of ISO 9000 Series of Certification by SSI Units

The objective of the scheme is to promote quality management system in SSI with a view to strengthening their marketing and export potentialities. Existing industrial concerns in SS Sector having a good record of performance and sound financial position are eligible for assistance. Expenses on consultancy audit, Certification fees and equipment would be taken into account determining loan requirement. The assistance is considered for projects exceeding Rs. 2 lakh and upto a maximum of Rs.5 lakhs.
3.10.5 Marketing Assistance Scheme

The scheme is intended to provide support to SSI in marketing their products. Existing units with good track record and earning continuous net profit for the past 3 years are eligible for the loan for undertaking market research, expenses on advertising, branding, participation in trade fairs and exhibitions, and establishing distribution network. The amount assistance is based on the project cost. The loan is repayable in 4 quarterly instalments with a holiday period of one year.

3.10.6 Generator Scheme

Under this scheme loan is granted for purchase of generator sets to enable the industrial shortage. The amount of loan is need based and the promoter’s contribution is 22.5%. The loan is repayable in 7 years including a holiday period of 6 months. Generator subsidy of 15% is considered by the government.

3.10.7 Leasing Scheme

It is intended to provide assistance to purchase machinery/equipment on reasonable lease rentals. The assistance will be from Rs. 5 lakh to 80 lakh. 100% finance is provided on the cost of asset.

3.10.8 Factoring Scheme

This scheme is introduced to solve the working capital problems of SSI by discounting bills raised by units on suppliers. The assistance is considered from 5 lakh to Rs. 100 lakh- 85% of invoice value including insurance, freight land taxes. The interest rate is 10%. Maximum credit period is 90 days.
3.10.9 National Equity Fund

The scheme is intended for providing equity support to deserving small entrepreneurs to establish new project or to expand the existing project and for purpose of rehabilitation of viable sick units. In case of new projects, a loan of Rs. 50.00 lakh is provided including margin money for working capital for existing, units and service enterprises, the outlay on expansion/ modernisation technology up gradation/ diversification / rehabilitation should not exceed Rs 50.00 lakh.

The minimum promoter's contribution is 10 % of project cost. The loan is repayable within 7 to 9 years including a holiday period of 2 years. The soft loan assistance under the scheme is given upto 25% of the project cost and service charge of 5% p.a. for soft loan is applicable.

3.10.10 Mahila Udayma Nidhi Scheme

This scheme is introduced for providing equity type assistance to women entrepreneurs for setting up/ expanding industrial projects with project cost upto Rs 10 lakh. The promoter’s contribution is 10% of the project cost. Soft loan to the extent of 25% of the project cost subject to a maximum of Rs. 2.5 lakh is given under the scheme. The soft loan and the term loan are repayable over a period not exceeding nine years including an initial moratorium of not more than two years.

3.10.11 Scheme of Assistance for technology department and modernization for SSI Units

SSI units including ancillary units which are going for modernisation technology up gradation can avail this assistance. For getting this assistance the project cost should not exceed Rs.100 lakhs. The promoter's contribution is 20%
and the rate of interest is 13%. The period of repayment is fixed as 5 years including moratorium of six months.

3.10.12 Order Based financial scheme for working capital assistance to industrial Units

Under this scheme, working capital assistance is provided to execute specific order from Government Dept/ public sector undertakings/ financially sound private sector organization and also repetitive orders. The scheme is restricted to SSI units assisted by TIIC/ SIPCOT those track record is good. The unit should be in existence for a minimum period of 3 years with consistent profitability and positive network. Registered partnership firms and corporate bodies are alone eligible for this assistance. A minimum of Rs.100 lakh is given per unit. The rate of interest is 15.5 % p.a. The repayment of loan is fixed taking into consideration the order execution time / processing time and payment terms of the unit's buyer. However, the maximum period of repayment shall not exceed one year from the date of first disbursement.

3.10.12(i) Schemes for Cottage, Village And Tiny Industries

(a) Composite Loan Scheme

This scheme is meant for artisans, village and cottage industries and industries in tiny sector Loan upto Rs.50,000 is given for purchase of equipment and also working capital.

(b) Scheme for SC/ST and Physically Handicapped Persons

Assistance upto Rs. 50,000 is given to the above categories of persons for buying equipment and / or working capital.
(c) Scheme for Small Road Transport Operators

Small road transport operators who do not own more than six vehicles are eligible to get loan to meet expenditure towards cost of chassis, body building, taxes, insurance and working capital.

(d) Scheme for Professionals Qualified professionals in management.

Medicine and engineering etc. are eligible to get assistance upto Rs. 10 Lakh. setting up of professional practice and also for acquisition.

(e) Schemes for Medical Profession

(a) Scheme for Hospitals/Nursing Home: Entrepreneurs who wish to set up small hospital/nursing homes can apply for Rs. 45 lakh under this scheme.

(b) Scheme for Acquisition of Electro-Medical Equipment: Loans upto Rs. 60 lakh are available to qualified medical practitioners for acquisition of electro medical and other related equipment.

(f) Scheme for Marketing Organisations

Under this scheme, financial assistance is provided to individuals/partnership concerns/Private/Public limited companies up new sales outlet or undertaking expansion of existing outlets upto Rs. 25 lakh.

(g) Schemes for Tourism Related Activities

Entrepreneurs setting up tourism related activities such as amusement parks, tourist service etc. and hotels/restaurants projects can get loan upto Rs. 45 lakhs under this scheme.
3.10.12.(ii) Equity-Type Assistance Scheme

(a) Seed Capital Scheme:

This scheme is intended for technically or professionally qualified entrepreneurs who are unable to pay the prescribed minimum promoters contribution. This is a soft loan given upto 10%, of the cost of project subject to a maximum of Rs. 15 lakh.

(b) National Equity Fund Scheme

Small entrepreneurs who set up new units or undertake potentially viable sick SS1 units which are located in village / town having a population of 5 lakh are given financial assistance to meet gap in equity. This is a soft loan given upto 15% of the cost of project subject to a maximum of 15 lakh per project.

(c) Commercial Banks

In the past three decades, commercial banks have evolved a number of schemes tailored to the specific needs of small scale industry. The salient features of the schemes are detailed here.

(d) Liberalised Scheme

Under the liberalised scheme, the State Bank of India for the first time, introduced the concept of need based approach to financing small scale industries. The bank extended financial assistance for any viable scheme. All financial requirements of the unit for acquisition of fixed assets and working capital is met comprehensively. The scheme made a departure from the security oriented approach. No viable unit was denied financial assistance for want of security.
(e) Entrepreneur Scheme

The scheme was introduced for financing technically qualified skilled entrepreneurs. Under this scheme 100% finance was provided entrepreneurs without insisting on any minimum equity contribution. This scheme was specially designed for engineering degree and diploma holders and also individuals technically skilled through experience, unable to bring in their own capital though they have a viable project.

(f) Equity Fund Scheme

The entrepreneurs who are unable to bring in required equity capital are assisted under the Equity Fund Scheme. The banks provide interest free loan under the scheme upto Rs. 1,00,000 repayable after seven years.

The repayment is to he made after seven years through monthly / quarterly / half yearly installments. The moratorium and repayment periods are stipulated within this framework depending upon the complexity of the project and its cash generating capacity.

Besides, banks introduced special schemes of financing artisans, craftsmen and village industries. At present, these schemes have undergone many changes.

RBI appointed a one-man High Level Committee headed by S.L. Kapoor to suggest measures for further improving the delivery system and simplification of procedure for credit to SSI Sector. RBI has accepted 35 recommendations of the committee. Some of the recommendations are the following:
1. Simplification of application forms
2. Delegation of more powers to grant adhoc funds to meet temporary requirements.
3. Freedom to banks to decide their own norms for credit requirements.
4. Opening of specialised branches by banks.
5. Enhancement in the limit for composite loan to Rs. 5 lakhs.

3.11 VARIOUS DEVELOPMENT PROGRAMMS IN ENTREPRENEURSHIP

Entrepreneur is a critical input in the economic development of a country. The make use of the factors of production, make innovations, generate employment opportunities and improve standard of living of people. This process leads to higher rate of economic growth. Therefore, entrepreneurship development is more crucial than any other factor. Entrepreneurial talent exists in all sections of the society. A high level of entrepreneurship is found in developed economy. In developing countries, the level of entrepreneurship is low. Once it was considered the entrepreneurs are born and not made. Entrepreneurial talent can be harassed by motivating people and making them capable of percipience and exploiting business opportunities. Hence the entrepreneurs can be made by proper motivation and training. So the central and state government conducted various development programmes and tanning.

3.11.1 Entrepreneurship Development Programmes (EDPs)

Established in 2001, the Entrepreneurship Development Institute (EDI), Chennai is an apex organisation in the field of entrepreneurship education and
self-employment promotion in the state of Tamil Nadu. Entrepreneurship Development Institute, Chennai (EDI) was constituted by Government of Tamil Nadu and is administered by Department of Micro, Small and Medium Enterprises (MSME). EDI has embarked on a multipronged strategy to be executed in the next few years which involves a series of programs to be introduced with the objective of promoting Entrepreneurship in Tamilnadu. The different training programs which are provided by the department will certainly help the individuals who have an ambition to start their own enterprise and thereby follow their dreams. EDI is partnering with the best HR and training companies in the country to deliver these programs. These companies have experienced trainers in specific domains who will be able to deliver the programs in an effective manner.

Our organisation has played a catalyst’s role in the development of entrepreneurs in a number of ways. It has conducted more than 500 training programmes in Tamilnadu such as:

- Entrepreneurship development programmes for science & technology graduates, women, ex-servicemen, PMRY beneficiaries, and voluntary retired persons.

- Entrepreneurship development programmes on renewable energy technologies

- Entrepreneurship development programmes for women self help groups (SHGs)

- Income generation training programme for urban slum dwellers and fishermen
- Skill-cum-technology up-gradation programmes in readymade garments/apparels, leather, plastics, handicrafts, and gem cutting
- Training programmes in medicinal and aromatic plants
- Manpower development in emerging areas

The programmes have so far covered over 10,000 persons from different socio-economic strata in Tamilnadu. According to an assessment of the Entrepreneurship Development Institute of India at Ahmedabad, around 35 percent of the trainees have set up own enterprises.

3.11.2 Faculty Development Programmes (FDPs)

Entrepreneurship education is a lifelong learning process, starting as early as elementary school and progressing through all levels of education, including adult education. The standards and their supporting performance indicators are a framework for teachers to use in building appropriate objectives, learning activities, and assessments for their target audience, namely, students of science and engineering colleges, polytechnics, and entrepreneurship. Faculty Development Programmes (FDPs) are designed to train and develop professionals in entrepreneurship development so that they can act as resource persons in guiding and motivating young S&T persons to take up entrepreneurship as their career. Faculty development programmes provide the necessary knowledge, tools, and skills to help develop entrepreneurs in their respective institutions. ITCOT conducts faculty development programmes with the support of sponsoring agencies. We also help institutions in organizing specific in-house programmes for institutions and its faculty members to foster entrepreneurial culture.
3.11.3 Seminars

ITCOT conducts seminars on topics of contemporary industry and business topics regularly to promote investment ideas among Banks, financial institutions, research institutions, corporate, entrepreneurs, equipment suppliers, and consultants. A number of seminars have been conducted in different centres in India on wide ranging topics such as:

- Project Financing and Appraisal
- Non Performing Assets (NPAs)
- Opportunities in Insurance Industry
- Opportunities in Herbal Industry
- Opportunities in ITES
- Opportunities in Call Centre Business
- Opportunities in Multiplex Business

3.11.4 Business Meets

Business meets provide opportunities for one-to-one interaction among participants to facilitate seller-buyer interaction, explore investment and business opportunities, to enable technology transfer or tie-up, to select the right plant and equipment, to evolve market entry strategies, and so on. These events are organized for the benefit of producers, sellers, buyers, exporters, importers, technology providers, equipment suppliers, consultants, institutions, and such other.
3.11.5 Rural Industries Programme

As part of our industrial promotion endeavour, ITCOT is implementing the Rural Industries Programme (RIP) in Salem and Erode districts with the sponsorship of Small Industries Development Bank of India (SIDBI). RIP is an integrated enterprise promotion strategy through provision of project consultancy and support services to prospective entrepreneurs in rural and semi-urban areas.

3.12 TRAITS THEORIES

A trait is a distinguishing personal characteristic or quality. Trait theorists try to describe personality by a series of descriptive statements. As laypersons, we do the same thing. If asked to describe a particular individual’s personality, we might end up listing a number of traits. As stable traits are an economical and easy way to understand personality they have not only been a foundational unit of analysis in academic psychology but they have also been used commonly ever since human beings have communicated about their lives with each other. The interest in attempting to classify and predict individuals on the basis of traits (assumed to be part of the nature of human beings) is a continuing one. Traits have often been thought of as aspects that people ‘have’ and that they carry with them through the circumstances, challenges and critical moments of their lives. The first systematic approach to analysing and grouping people according to their traits arose in ancient Greece with Hippocrates. He described four kinds of people in al. terms of the so-called bodily humours such as happy, unhappy, temperamental, and apathetic. Although old-fashioned by today's understanding, this was an attempt to provide a biological explanation for individual differences.
The first comprehensive modern trait or dispositional theory was that of Gordon Allport. Over a period of 30 years, Allport investigated over 18,000 separate traits, proposing several principles to make this lengthy list manageable for practical purposes. Using the statistical technique of factor analysis, Raymond B. Cattell reduced Allport’s list of traits to a much smaller number and then proceeded to divide these into clusters that express more basic dimensions of personality. He eventually arrived at 16 fundamental source traits. Hans Eysenck also proposed a factor-analytic trait model of human personality. However, Eysenck’s model focuses on the following three dominant dimensions that combine various related traits such as psychoticism (characterized by various types of antisocial behaviour), introversion extroversion, and emotionality/neuroticism stability. Other trait-oriented theories include those of J.P. Guilford and David McClelland. Currently, a number of psychologists interested in a trait approach to personality believe that the following five factors are most useful in assessing personality such as extroversion, agreeableness, conscientiousness, neuroticism, and openness to experience.

The trait theory proposes that broad stable traits or dimensions are the basic units of personality. Some trait theorists look at traits as causes of behaviour. Others consider traits to be useful for describing and summarizing personality. The difference between these two viewpoints could be understood by the following example. We have data of people who score high on the scale of aggression.

Traits often correspond to adjectives such as ‘shy’, ‘aggressive’, ‘kind’, ‘friendly’ and so on. Each of these traits corresponds to one end of a behavioural dimension a scale of behaviour that is analogous to a metre scale. Just as one end of the metre scale is fixed at zero centimetres and the other end at 100
centimetres, we can say that the behavioural dimension is also fixed by one behavioural extreme at one end and by the opposite extreme at the other end. For example, friendliness, assertiveness, and dominance are all descriptions of behavioural dimensions. For example, the dimension of the extremes of kindness would be as follows. kind:1:2:3:4:5:6:7:8:9:10: unkind. One end of the kindness dimension is fixed by being kind, the other at being unkind. This scale only has 10 degrees for the sake of convenience but in reality the number of degrees of a trait is impossible to determine.


The trait theory owes its present form to Gordon Allport, a psychologist who went against the prevailing Zeitgeist or spirit of the times in which he wrote. At a time when psychoanalysts were laying emphasis on unconscious motives, and experimental psychologists were promoting rigor and quantification. Allport emphasized the qualitative study of the individual and highlighted conscious motivation. Thus, his work is different not only from the psychoanalysts but also from the behaviourists. In this, he is seen both as old fashioned as well as a radical trendsetter. Hall and Lindzey (2002) describe him as representing better than any other psychologist the synthesis of traditional psychological thought and personality theory.

Allport differed from Freud on several issues. First, he did not agree with the idea that unconscious forces dominate the personality of normal adults. Allport suggested that the unconscious is important only in neurotic or disturbed behaviour. Emotionally healthy function in conscious and rational terms, and is aware of the forces that control and motivate them. Secondly, Allport did not
agree with Freud's concept of historical determinism. He proposed individuals are
guided more by the present and the future rather than childhood conflicts and past
experiences. Third, he opposed the collection of data from pathological subjects.
While Freud saw a continuum between normal and abnormal personalities, Allport
saw a clear distinction. The best way to study personality was by collecting data
from emotionally healthy individuals. His approach represents a combination of
ideas derived from such great thinkers as William James, William Stern, and
William McDougall. William James is seen in Allport’s humanistic orientation.
McDougall in the importance of motivational variables and from stern has come
the interest in uniqueness of the individual as well as the congruence of behaviour.

3.12.2 Biographical Sketch of Allport

Allport was born in Montezuma, Indiana in 1897 and the youngest of four
sons. His mother was a school teacher who instilled in him religious values and
mental development. His father, who changed his ...ireer late in life from
business to medicine, had converted the Allport home into a hospital. So, Gordon
Allport grew up in an atmosphere of doctors, nurses, patients, and other medical
paraphernalia. He was a shy and studious boy who was teased quite a bit and lived
a relatively isolated childhood. Otherwise his early life was quite pleasant and
uneventful. He earned a scholarship and studied for his degree in Economics and
Philosophy at Harvard University along with his brother Floyd All Lyon (a famous
social psychologist) who was a graduate student in psychology. He then taught for
a year at Istanbul, Turkey where he discovered that he enjoyed teaching. He
returned to Harvard for further studies in Psychology and completed his Ph.D. in
1922. Gordon's undergraduate career predicted his adult interests in personality,
social psychology, science and social issues. He majored in both psychology and
social ethics In 1925, he married Ada Gould who was trained in clinical psychology and they had a son, Robert. On his way back to Harvard he visited Freud. This visit seems to have left a deep Impression on him.

3.12.3 Raymond Cattell (1905-1998)

In an effort to make Allport's list of 4500 traits more manageable, Raymond Cattell took the list and removed all the synonyms, reducing the number down to 171. However, saying that a trait is either present or absent does not accurately reflect a person's uniqueness, because (according to trait theorists) all of our personalities are actually made up of the same traits; we differ only in the degree to which each trait is expressed. Cattell believed it necessary to sample a wide range of variables to capture a full understanding of personality. The first type of data was life data, which involves collecting information from the individual's natural everyday life behaviors. Experimental data involves measuring reactions to standardized experimental situations, and questionnaire data involves gathering responses based on introspection by the individual about their own behavior and feelings. Using this data, Cattell performed factor analysis to generated sixteen dimensions of human personality traits: abstractedness, warmth, apprehension, emotional stability, liveliness, openness to change, perfectionism, privateness, intelligence, rule consciousness, tension, sensitivity, social boldness, self-reliance, vigilance, and dominance.

Based on these 16 factors, he developed a personality assessment called the 16PF. Instead of a trait being present or absent, each dimension is scored over a continuum, from high to low. For example, your level of warmth describes how warm, caring, and nice to others you are. If you score low on this index, you tend
to be more distant and cold. A high score on this index signifies you are supportive and comforting. Despite cutting down significantly on Allport's list of traits, Cattell's 16PF theory has still been criticized for being too broad.

3.12.4 Hans Eysenck (1916-1997)

Psychologists Hans and Sybil Eysenck were personality theorists who focused on temperament inborn, genetically-based personality differences. They believed personality is largely governed by biology, and viewed people as having two specific personality dimensions: extroversion vs. introversion and neuroticism vs. stability. Later, the Eysencks added a third dimension: psychoticism vs. socialization.

According to their theory, people high on the trait of extroversion are sociable and outgoing and readily connect with others, whereas people high on the trait of introversion have a higher need to be alone, engage in solitary behaviours, and limit their interactions with others.

In the neuroticism/stability dimension, people high on neuroticism tend to be anxious; they tend to have an overactive sympathetic nervous system and, even with low stress, their bodies and emotional state tend to go into a flight-or-fight reaction. In contrast, people high on stability tend to need more stimulation to activate their flight-or-fight reaction and are considered more emotionally stable. In the psychoticism/socialization dimension, people who are high on psychoticism tend to be independent thinkers, cold, nonconformists, impulsive, antisocial, and hostile. People who are high on socialization (often referred to as superego control) tend to have high impulse control—they are more altruistic, empathetic, cooperative, and conventional.
The major strength of Eysenck's model is that he was one of the first to make his approach more quantifiable; it was therefore perceived to be more “legitimate”, as a common criticism of psychological theories is that they aren't empirically verifiable. Eysenck proposed that extroversion was caused by variability in cortical arousal where introverts characteristically had a higher level of activity in this area than extroverts. He also hypothesized that neuroticism was determined by individual differences in the limbic system, the part of the human brain involved in emotion, motivation, and emotional association with memory. Unlike Allport’s and Cattell’s models, however, Eysenck's has been criticized for being too narrow.

3.13 THEORIES AND TRAITS ATTRIBUTES OF ENTREPRENEURSHIP

The theories of entrepreneurship are given follows:-

✓ Psychological theories
✓ Sociological theories
✓ Attitudinal Traits Attributes
✓ Behavioural Traits Attributes
✓ Managerial Traits Attributes

3.13.1 Psychological Theories of Entrepreneurship

J.A. Schumpeter (1947) has given a model of economic development. According to Schumpeter, entrepreneurs renew the economic activities by introducing new ideas, new processes, new products and services for the development of an economy.
McClelland found high correlation between the need for achievement motivation (n/ach) and successful economic activities in his study of motivational orientation. He has viewed that Jains and Parsis in India progressed economically due to high degree of their need for achievement motivation as a result of their child rearing practices. K.L. Sharma explains that McClelland comes closer to Weber when he takes legends, child rearing practices and ideologies as factors generating need for achievement motivation because these reflect ethical values too. McClelland tries to relate motivation directly with entrepreneurship assuming that it is the immediate cause of the entrepreneurship.

Hagen stated that the disadvantaged minority group is mostly the source of entrepreneurship. He argues that the forces of disruption against the stability of traditional society will be powerful to have creative personalities. The ‘withdrawal of status respect’ may occur when a traditionally alike group is displaced by force from its previous status by another traditional group, or when any superior group changes its attitude toward a subordinate group, or on migration to other place or a new society.

The historical views imply that entrepreneurs are not equally distributed in the population, and the minorities, on the basis of religion, ethnic, migration or displaced elites have provided most of the entrepreneurial talent but not all the minority groups are the sources of entrepreneurship.

However Kunkel argues that the marginal situation is not the guarantee for the growth of entrepreneurship. There must be some additional significant factors at work. Kunkel’s model suggests that entrepreneurial behaviour is a function of the surrounding social structure and it is influenced by manipulable economic and
social incentives. Therefore, his model is based upon experimental psychology but identifies sociological variables as the determinants of entrepreneurial growth.

3.13.2 Sociological Theories of Entrepreneurship

Max Weber analysed religion and its impact on economic aspect of the culture. According to him, religious beliefs are the driving force for generating entrepreneurial activity. The beliefs play a very crucial role in determining the future course of action on the entrepreneurs. He observed that the spirit of entrepreneurial growth depends upon a specific value orientation of individuals and it is generated by ethical values. His observations were based on the relationship that he found between protestant ethic and the spirit of capitalism. It was also found to be true in the Indian context of communities.

But in the Indian context, Tripathi observes that the commercial development of Jains is not due to their ethic but it is due to their emergence from Hindu Vaishya, i.e. the traditional commercial community in India. He also disagrees that caste has restriction on people of non-business strata to enter manufacturing as he observes that several Brahmins have entered into manufacturing concerns. Therefore Weber’s model is not adequate to explain or to analyse the entrepreneurship in Indian situation as it is developed from the western social system.

Young’s theory of entrepreneurship is a theory of change based on society’s incorporation of reactive sub-groups. According to Young’s theory, entrepreneurship emerges in a group if the following conditions coincide:
When a group experiences low status recognition;

When they are denied of access to important social networks;

When the group has better institutional resources, than other groups in the society at the same level, then the entrepreneurship emerges.

Tripathi observes that the common factors between Parsi and Hindu entrepreneurs were not the religious values but their exposure to new ideas and values. K.N. Sharma explains the process of entrepreneurial spread by analyzing the differential responses of the social groups to the opportunities provided by the commitment of the political system to industrialization. Both of them agree on the ideology that exposure to new ideas leads to entry in manufacturing and success therein. But they differed on emphasizing the traditional collectivities and group affinities based on religion, region and caste (K.N. Sharma) and formal education (Tripathi).

3.13.3 Attitudinal Traits Attributes

An attitude is a hypothetical construct that represents an individual’s degree of like or dislike for something. Attitudes are generally positive or negative views of a person, place, thing, or event. Attitudes are judgments of an individual. ‘Attitudinal Traits is the ability to select, maintain or adapt one’s best attitudes for the present. Behaviour in a given situation can be viewed as a function of the individual’s attitude towards the situation.

Self Confidence

Self-confidence is an essential trait in an entrepreneur because he is regularly called upon to perform tasks and make decisions that require great
amounts of faith in himself. He needs to have a strong but realistic belief in himself and his ability to achieve the predetermined goals.

**Self Esteem**

Self-esteem of an entrepreneur represents his ability to develop healthy confidence and respect for himself. He feels confident for being capable for life, able and worth or to feel right to achieve happiness. An entrepreneur respects himself and defends his own interest and needs.

**Dealing with Failures**

Entrepreneurship is about getting up whenever the business fails, and learning from that failure. An entrepreneur believes that failure is part of the entrepreneurial process, and often without it, success would not be possible. Further he is able to make mistakes, learn from them, and quickly recovers and changes his direction and moves into the future.

**3.13.4 Behavioural Traits Attributes**

A behavioural trait of an entrepreneur refers to the underlying characteristics having casual relationship with effective or superior performances in the process of carrying on his business activities. The following attributes are tested in order to assesses and find out the nature of behavioural traits among the respondents.

**Initiatives**

Initiative of an entrepreneur refers to his behaviour with a preference for taking action on different responsibilities or assignments. It further denotes that he is able and willing to do more than what is required or expected of him in a job.
Need for achievement

Successful entrepreneurs are characterised by a need for achievement which motivates them to take up responsibilities for finding solutions to problems. Further this quality helps them to set challenging goals for themselves, assume personal responsibility for the goal accomplishment and they are highly persistent in the pursuit of these goals.

Risk-taking

Entrepreneurs are essentially persons who take decisions under uncertainty and therefore they are willing to bear risk. Entrepreneurs are usually moderate risk takers. However, successful entrepreneurs will always prefer to take on those risks that they can manage.

Innovation

Innovation refers to the behaviour pattern of an individual who has interest and desire to seek changes in techniques and ready to introduce such changes into his operations when practical and feasible.

Creativity

An entrepreneur is said to be creative when he is able to identify a gap in the market and think up a product or service to meet that gap. Creativity of an entrepreneur also implies the ability to do old thinks in a new way or able to give new solutions.

3.13.5 Managerial Traits Attributes

Managerial Traits of an entrepreneur is the ability to direct his staff and define the expected outcomes clearly and finally to get the things done at the best and cheapest ways and means. A managerial trait is an approach to managing
others and to ensure optimal use of available resources in meeting organizational objectives on a sustained basis.

**Information seeking**

An entrepreneur has an urge to look for the required information in order to make an informed decision, for example, selecting, starting and successfully managing the desired business. This calls for the entrepreneurs to personally seek and obtain information that is required to enable him make decisions and improve knowledge on his/her business.

**Planning**

An entrepreneur is expected to have systematic planning which will help him to prepare an action plan for every area of operation in order to achieve the predetermined goals.

**Problem solving**

Problem solving refers to the application of appropriate knowledge and skills in order to solve a problem arising while carrying on the business. It requires an entrepreneur to have creative thinking in order to understand the various techniques involved in resolving different problematic issues of a business.

**3.14 SUMMARY**

In this chapter researcher has given detail about concept of entrepreneurs and entrepreneurship, history of entrepreneurship in India, who is entrepreneur, who can be entrepreneurs, Institutional and financial support of entrepreneurship, various schemes and financial assistance in entrepreneurship, various development programmes in entrepreneurship and traits theories and attributes of entrepreneurs.