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ENTREPRENEURIAL DEVELOPMENT

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CHAPTER - IV

ENTREPRENEURIAL DEVELOPMENT

4.1 CONCEPT OF ENTREPRENEURIAL DEVELOPMENT

How to identify, motivate and strengthen the new breed of entrepreneurs require different programmes, policies, strategies and a sound support of the financial and non-financial institutions. This will ultimately help them in facing the risks and uncertainties and to set-up new business ventures. Entrepreneurial development is also meant to make contributions towards individual growth as a part of a national drive for HRD (Human Resource Development).

A class of entrepreneurs is must for the economic and industrial development of country. To some extent entrepreneurs are born but not totally. Those who have decided to become entrepreneurs must have basic understanding, visionary power, sense of value, risk-taking capacity, innovative nature etc. as basic qualities. But now-a-days one can be developed as per his/her requirement. They can be motivated and developed to undertake the entrepreneurial activities. Someone has rightly said that, “Self-development is the best development”. There are so many means, facilities, supportive institutions, tools, etc. that can be used to motivate and develop entrepreneurs.
To create an idea for business, to develop and assess the idea accordingly, to collect the information of idea, to start the business, to organize and manage it and to take decisions for all these and to bear risk and to remain creative and innovative, etc. are the functions/activities of the present day entrepreneurs. To do all these one has to develop the so-called person.

ED is an educational process and efforts in HRD. Learning is a continuous process and ED is part of it. Human being is considered as a physical resources and therefore its development is necessary. Human being can be developed through HRD techniques, but it requires an environment that facilitates entrepreneurs to learn and discharge their functions effectively and efficiently. ED has now a days become extremely important in achieving the goals of alround development in the country. Joseph E. Stepanek identifies intelligence, motivation, knowledge and opportunity as the prerequisites for entrepreneurial development.

ED is an organised and systematic development. It is a tool of industrialization and a solution to unemployment problem for any country. The objective of entrepreneurial development is to motivate a person for entrepreneurial career and to make him capable of perceiving and exploiting successfully opportunities for business enterprises. One trained entrepreneur can guide others on how to start their own business and approach various institutions for help,
The training and development of entrepreneurs gained tremendous amount of significance in the recent past, for it is purported to contribute to the socio-economic development of the country. One way to foster the socio-economic development of our country is to identify and train potential individuals with high achievement orientation and other pertinent entrepreneurial qualities so that the training would help them in setting up industrial ventures of their own and thus would contribute to industrial growth of the country. With this objective, number of institutes have emerged in the past and are working successfully in that direction. They are at present able to "churn out" entrepreneurs in a relatively short period.

The first seed in the direction of entrepreneurial development perhaps dates back to early sixties, when an institute, the Small Industry Extension Training Institute (now a national institute), was established by the government of India, under the Ministry of Industry. This institute was to be developed mainly for training and research for the promotion of small industry.

The pioneering experiment on entrepreneurship known as Kakinada Experiment, has taken its shape and was carried out by McClelland, the world famous Harvard psychologist and
authority on achievement motivation, at this institute and several subsequent studies, have paved the way in the formulation of model of entrepreneurship development. The institute has conducted several programmes for EDP trainers, and thus gained the reputation of being a trainer's training institute. Our country has tried much for the working of several institutes to develop the entrepreneurs. As of now, we have National Institute of Entrepreneurship and Small Business Development (NIESBUD) at New Delhi, Entrepreneurship Development Institute of India (EDII) at Ahmedabad; Uttar Pradesh Institute of Entrepreneurship Development set up by U.P. Government at Lucknow; Centre for Entrepreneurship Development (CED) at Gandhinagar, etc.

In addition to these, State Bank of India has its own training wing for Entrepreneurship Development. Several State Government Corporation like Small Scale Industries Development Corporations, Industrial Development Corporations, Technical and Consultancy Organisations are also organising training programme in developing entrepreneurship.

4.2 NEED OF ED

In our country the need of ED arises due to the following reasons:

1. To gear and speed up the process of activating the factors of production.
2. To lead a higher rate of economic growth and development.

3. Scattering of economic activities in all the areas of the country.

4. To develop the backward and tribal areas.

5. To create more /additional employment opportunities for youth.

6. To ameliorate the living standard of weaker-section of the society.

7. To participate and involve all the sections of the society in the process of growth.

8. To utilize and explore the abundant natural resources of our country.

4.3 FACTORS

Following are some of the factors, which facilitate the development of entrepreneurship.

1. Individuals – who initiate, establish, maintain, expand new enterprise.

2. Socio-political - economic conditions.

3. The availability of industrial technology and know-how,

4. State of art and culture of business and trading e.g., “Give a man orders, and he will do the task reasonably well. But let him set his own targets, give him freedom and authority and
his task will become a personal mission” – This is the work culture of Ambuja Cement.

5. Existence of markets for products and services – creation and developing of new markets and demands.

6. Incentive and facilities available for starting new business and industry. Such incentive and facilities are provided by Government and non-Government institution agencies, corporations, schemes, etc.

4.4 ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDP):

There is an urgent need for all the training and research organisations to shatter the jacket of rigidity and come out openly to share their experiences and learnings with their social and economic colleagues so that there could be synergetic learnings which would result in better methods and procedures in entrepreneurial training. Such an exchange of information would again result in a healthy competition among the training institutes.

EDP may be defined as “a programme designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively”. It is necessary to promote this

understanding of motives and their impact on entrepreneurial values and behaviour for this purpose.

EDP has been also recognized as an effective HRD tool. An EDP is a training-cum-counselling programme. It takes care of all the constraints and therefore it is proved to be one of the most effective tools for developing new entrepreneurs. In a global business a layman can't become an effective entrepreneur and run a business. He must be with a specific vision and mission. Following are critical constraints which prevent potential entrepreneur whether men or women from becoming actual entrepreneurs.

1. Lack of confidence and motivation
2. Lack of knowledge about business opportunities
3. Lack of information regarding how to formulate a business plan including marketing survey.
4. Lack of information about procedure and sources of various types of assistance including finance, and
5. Lack of knowledge about how to manage one's own enterprise successfully.

4.4.1 Objective/ Need

The main objectives of an entrepreneurial development programme are as follows:
1. To identify, select and train potential entrepreneurs as per their requirements.

2. To develop necessary knowledge, and skills among the participants.

3. To impart basic managerial understanding.

4. To provide post-training assistance.

Individuals can be developed, their outlook can be changed and their ideas can be converted into action through an organised and systematic programme.

The objectives of an EDP may be divided into two categories: Short-term objectives, and Long-term objectives.

Short-term objectives includes the objectives which are achieved immediately after the completion of the programme. Preparing a personality for the entrepreneurial venture, making him competent to scan the environment and situation within the existing regulatory framework are some of the short-term objectives.

In long run an entrepreneurial development programme seeks to equip the participants with all the skills required for the establishment and smooth running of business ventures.

Thus, the objectives of an EDP are as follows:

1. To enlarge the supply of entrepreneurs for rapid industrial development;
2. To develop small and medium enterprises sector which is necessary for generation of employment;

3. To industrialize rural and backward regions;

4. To provide gainful self-employment to educated young men and women;

5. To diversify the sources of entrepreneurship, and;

6. To improve performance of small scale industries by developing managerial skills among small entrepreneurs

4.4.2 Stages of EDP

Stages of Entrepreneurial development programme:

An EDP consists of three stages:

(1) Initial or Pre-training Stage.

(2) Training or Development stage.

(3) Post-training or Follow-up stage.

(1) INITIAL OR PRE-TRAINING STAGE:

This stage includes the activities and the preparation required to launch the training programme. Thus, it involves the identification and selection of potential entrepreneurs and providing initial motivation to them. The main activities are:

- Creation of Infrastructure for training.
- Preparation of training syllabus
o Tie up of guest faculties
o Arrangement for inauguration of the programme
o Designing tools and techniques for selecting the trainees.
o Formation of selection committee
o Publicity campaign for the programme
o Development of Application form

(2) TRAINING OR DEVELOPMENT STAGE:-

In this stage the training programme is implemented to develop motivation and skills among the participants. The training of potential entrepreneurs covers special inputs such as, behavioural inputs (achievement motivation) and business opportunity guidance, information and technical inputs and managerial inputs. The trainers have to judge how much, and how far the trainees have moved in their entrepreneurial pursuits.

Most of the business inputs can be given through management/ professional consultants, practitioners, business and industrial executives, experts of state industrial agencies, bankers, technical consultancy institutions and small-scale entrepreneurs. In-house care teams can also be formed from the group of trainers or experts where resource persons from industry and trade are not locally available.

Field trips to selected industrial units can also be arranged to expose trainees to actual operating conditions.
(3) POST-TRAINING OR FOLLOW-UP STAGE

This stage involves assessment to judge how far the objectives of the programme have been achieved. Each group of entrepreneurs in an entrepreneurship programme can be looked after by the entrepreneur trainer - motivator. This involves:-

- follow-up on loan application for finance,
- facilitating infrastructure such as land, factory shed, power, road, etc and finally,
- trouble shooting.

4.4.3 Components of EDP

Any EDP, even to achieve a modicum of success should encompass and integrate the following components (see figure 4.1).

(A) Selection of potential entrepreneurs

(B) Training

(C) Support systems

(D) Production process, and

(E) Monitoring and follow-up

(A) Selection of Potential Entrepreneurs

For an EDP the first and foremost step is the selection of candidates. While selecting candidates due recognition is given

Figure 4.1
to their family background, suitability to the trade chosen and entrepreneurial skills they possess.

Selecting and motivating an unsuitable man to go into an independent business is a disservice to him as failure in business means loss of prestige, social standing and a set-back for life. Therefore, every care should be taken to identify the right person for the right job.

Thus, selection of potential entrepreneurs has two essential components:

(i) Identification of entrepreneurial traits in the potential entrepreneurs

(ii) Identification of a suitable and viable enterprise (project).

(i) Identification of entrepreneurial traits:

Selection of candidates by identifying entrepreneurial traits would ensure a minimum level of eligibility for developing an entrepreneur.

Entrepreneurial characteristics can be classified into two groups, namely (a) socio-personal and (b) human resource characteristics.

(a) Socio-personal characteristics:

Socio-personal characteristics of an individual / candidate are as follows:
o Caste and family background
o Age
o Education
o Working hand
o Size and type of family
o Social participation

(b) **Human resource characteristics**

Human resource factors are the traits in the individual either inherited or acquired. Below are certain human resource characteristics, which have been found as an important for entrepreneurial success:-

- Achievement motivation
- Risk taking willingness
- Influence motivation
- Personal efficacy
- Aspirations
- Personal behaviour

(ii) **Identification of suitable and viable enterprise:-**

This involves matching the potential entrepreneur to the trade/business he wishes to take up. All the background information like his skills, experiences in the field, the physical resources available, family occupation, etc. are taken into
consideration. Having found a suitable trade/business an entrepreneur needs to thoroughly examine its viability in terms of financial implications, the raw-material availability and profitability of the enterprise. It would also involve a detailed exploration of the services needed and available in the area.

(B) Training:-

Once the selection of potential entrepreneur is over, they have to be equipped with required skills, e.g. managerial, human relations and technical skills to start the enterprise. In an Entrepreneurial Development Programme, there are varieties of candidates with a different backgrounds and qualities; to be trained. The various training, inputs that are required to facilitate and speed up the process of becoming entrepreneurs are the following:

(a) Technical knowledge and skills,
(b) Human resource development
(c) Support systems and procedures
(d) Market survey
(e) Managerial skills
(f) Project preparation

(C) Support systems:-

After equipping himself with the requisite skills the young entrepreneur is now ready to set up his enterprise. He has to
obtain the help and support from many agencies. These are the support system which is an important part of EDP. To accelerate growth of entrepreneurship, it is necessary to develop various support systems. The co-ordinating agencies need to ensure that these institutions such as credit, input, marketing, services and information systems are involved in the EDP right from the selection, all throughout.

(D) Production:

After the unit is set up, production starts. Here the management and technological skills acquired in the training come into play. Once the production starts the entrepreneur has to initiate supply of products. For that he has to choose a suitable marketing channel. Thus, production and marketing are the most crucial for the success of an enterprise.

(E) Monitoring and follow-up:

Continuous monitoring is an essential ingredient of EDP. Through proper monitoring the problems will be identified and solved. Providing guidance from time to time is an integral part of monitoring. This would keep the check on EDP.

4.5 MOTIVATING INSTITUTIONS FOR ENTREPRENEURS:

In order to pace-up the small industries development along with the industrial development of the country, Government
at Central and State levels has set up a number of development agencies/institutions. These institutions motivate a person to start his/her own unit or industry.

Financial and non-financial assistance, guidance and counselling on many matters to start a business unit have been providing continuously by various institutions. These institutions provide different types of assistance. It means that one institution will not provide all the types of assistance. One has to contact different institutions for different types of assistance.

The institutions which are motivating potential entrepreneurs to start their own ventures are here classified into two parts, viz.

(i) Financial institutions

(ii) Non-financial institutions.

Financial Institutions means the institution, which is providing various types of financial assistance to the entrepreneurs. Whereas non-financial institution means the institution which is providing the assistance other than in terms of financial. It has been shown in Figure 4.2.
Motivating Institutions can also be classified into three parts viz.

(i) District level institutions
(ii) State level institutions
(iii) All India Institutions.

This has been shown in figure 4.3.

It may be classified into three categories

(i) Advisory bodies
(ii) Government institutions
(iii) Corporate institutions

This has been shown in figure 4.4.

The assistance provided by some of the institutions are explained below:-

4.5.1 Industrial Finance Corporation (I.F.C.I.)

The Industrial Finance Corporation of India (I.F.C.I.) was established in 1948 by our Government with the object of providing medium and long-term credit to industrial concerns in India. IFCI transformed into a corporation from 21\textsuperscript{st} May, 1993 to provide greater flexibility to respond to the needs of the rapidly changing financial system.
MOTIVATING INSTITUTIONS

Figure: 4.3
Figure 4.4

Directorate of Industries
Motivating Institutions
Export promotion council
Advisory Board
Development commissioner
State Small Industries Board

Corporate Institutions
IDBI
IFCI
ICICI

Commodity Board
Government Institutions
National Small Industries Corporations
SIDC
SFC

Motivating Institutions
Financial assistance provided by IFCI can be in one or more of the following forms:

- Rupee and foreign currency term loans
- Underwriting of share and debenture issues
- Direct subscription to equity
- Guarantees
- Acting as an agent
- Soft loans
- Equipment financing

**Schemes of Motivation**

* Consultancy Schemes:*

- Scheme of subsidy to small entrepreneurs in the rural, cottage, tiny and small sectors for meeting cost of Feasibility studies, etc.
- Scheme of subsidy for consultancy to Industries relating to Animal Husbandry, Dairy Farming, Poultry, Farming and Fishing.
- Scheme of subsidy for promotion of ancillary and small-scale industries.
- Scheme of subsidy to New Entrepreneurs for meeting cost to market Research /Surveys.
- Scheme of subsidy for providing marketing Assistance to small-scale units.
o Scheme of subsidy for consultancy on use of non-conventional sources of energy and energy conservation measures.

o Scheme of subsidy for control of pollution in the village and small industries sector.

* Interest subsidy schemes:-

o Scheme of interest subsidy for self-development and self-employment of unemployed young persons.

o Scheme of interest subsidy for women Entrepreneurs.

o Scheme of interest subsidy for encouraging quality control measures in small scale sector

o Scheme of interest subsidy for encouraging the adoption of indigenous technology.

* Entrepreneurship Development Scheme:-

o Scheme for encouraging Entrepreneurship Development in Tourism and Tourism related activities

o Scheme for encouraging self-employment amongst persons rendered jobless due to retrenchment or rationalization in a sick industrial unit in the organised sector undergoing a process of rehabilitation / revival.
4.5.2 The Industrial Development Bank of India (IDBI):

The Industrial Development Bank of India (IDBI) was established on 1st July, 1964 under the Industrial Development Bank of India Act, as a wholly owned subsidiary of the Reserve Bank of India. In terms of the Public Financial Institutions Laws (Amendment) Act, 1975, the ownership of the IDBI has been transferred to the Central Government with effect from 16th February 1976. The IDBI has been assigned the role of principal financial institution for co-ordinating, in conformity with national priorities, the activities of the institutions engaged in financing, promotion or developing industry.

Objectives and Functions

(i) To serve as an apex institution for term finance for industry, to co-ordinate the working of institutions engaged in financing, promoting or developing industries and to assist in the development of these institutions.

(ii) To plan, promote and develop industries to fill gaps in the industrial structure in the country.

(iii) To provide technical and administrative assistance for promotion, management or expansion of industry.

(iv) To undertake market and investment research and surveys as also technical and economics studies in connection with development of industry.
To act as lender of last resort and to finance projects that are in conformity with national priorities.

**IDBI's Scheme**

IDBI is having the following schemes for the benefit of enterprises and entrepreneurs in the small and medium scale sector:

**Direct Assistance**

- Project Finance Scheme (Loans, underwriting, direct subscription and guarantees);
- Modernization Assistance scheme for all industries.
- Textile Modernization Fund scheme;
- Technical Development Fund Scheme
- Technology Upgradation scheme
- Venture capital fund scheme
- Energy Audit subsidy scheme
- Equipment finance for energy conservation scheme
- Foreign currency assistance scheme

**Indirect Assistance**

- Refinance scheme for industrial loans for small and medium industries
Refinance scheme for modernization and rehabilitation of small and medium industries

Equipment Refinance Scheme

Bills Discounting / Re-discounting scheme

Seed capital scheme

Scheme for concessional assistance for Development of No-industry District and other backward areas;

Scheme for concessional assistance for Manufacture and Installation of Renewable Energy systems

Scheme for Investment in shares and bonds of other financial institutions.

IDBI assists industry through a wide range of financial products. It has made continuous efforts to respond to the financial needs of Indian Industry by extending its range of products and services. Currently, it provides the following:

Fund-based products

Term loans-Rupee – foreign currency

Underwriting/Direct subscription to equity and debt instruments

Fee-based services

Fund-based products


- Guarantees
- Venture capital
- Equipment leasing
- Bills finance
- Refinance to state-level institution/banks.

**Fee-based services**

**Merchant Banking**

Issue management, loan syndication, projects counselling, merchant appraisal, capital restructuring, amalgamations and mergers.

**Forex services**

Spot and forward purchases of currencies for letter of credit and debt servicing, placement of deposits abroad, swaps, forward exchange rate agreements and other derivatives.

**Debenture Trusteeship**

Debenture trustee for holders of debentures issued by companies as also to the non-convertible debenture issues subscribed by financial institutions, banks and mutual funds on private placement basis.
The National Small Industries Corporation (NSIC) was set up in February 1955 as a central agency for promotion and assistance to the small-scale industries in the country. Its initial assignment was to assist small industries in obtaining a fair proportion of government contracts. It has been providing institutional assistance to this vital sector of the economic and has been playing a significant role in the development of small scale industry, entrepreneurial base, employment generation, development of rural and backward areas, increased share of assistance to SC/ST, weaker sections of the society, ex-servicemen, women entrepreneur etc. A unique package of assistance for small entrepreneur is shown in the following figure 4.5.

**Function's of NSIC**

The corporation provides support and renders assistance in the following areas:

- Supply of indigenous and imported machines on easy hire purchase terms. Special concessional terms have been introduced for units promoted by entrepreneurs from weaker sections of the society, women entrepreneurs and ex-serviceman.
Figure 4.5: N. S. I. C. Scheme for promoting entrepreneurs

- Marketing Assistance
- Technology (software park)
- Hire purchase
- Raw Material Assistance
- Equipment leasing
- Financial Services
- Technical Training
- Common facility Service
- Prototype Development
- Technology Upgradation
- Marketing Development Centres
- Export of products
- Export of projects
- Government purchase programme
o Supply of indigenous and imported machines on lease basis to existing units for expansion, diversification and modernization.

o Marketing of small industries products within the country.

o Export of small industries products and developing export worthiness of small-scale units

o Enlisting competent units and facilitating their participation in Government stores purchase programme.

o Developing prototypes of machines, equipment and tools, which are then passed on for commercial production.

o Supply and distribution of indigenous and imported raw materials.

o Technical training in several industrial trends, with a view to create technical culture in the young entrepreneurs

o Development and upgradation of technology and implementation of modernization programme.

o Providing of common facilities through prototype Development and training centres.

o Setting-up small-scale industries in other developing countries on turnkey basis.

o Activities of NSIC is sketched in figure 4.6
Figure 4.6
Activities of National Small Industries Corporation (NSIC)
4.5.4 Entrepreneurship Development Institute of India (EDII):

The Entrepreneurship Development Institute of India (EDII), a wholly autonomous and non-profit Institution, set up in 1983, is sponsored by apex financial institutions, the Industrial Development Bank of India (IDBI), the Industrial Finance Corporation of India (IFCI), the Industrial Credit and Investment Corporation of India (ICICI) and the State Bank of India (SBI). The Government of Gujarat pledged twenty-three acres of land on which stands the majestic and sprawling EDI campus.

The EDI has been spreading entrepreneurship movement throughout the nation. EDI has a belief that entrepreneurs can be developed through a well-conceived and well-directed activities. The objectives/mission of the EDI are:

- To augment the supply of trained entrepreneurs through training.
- To produce multiplier effect on opportunities for self-employment
- To improve managerial capabilities of small scale entrepreneurs
- To contribute to the dispersal of business ownership and thus expand the social base of Indian entrepreneurial class.
To contribute to the creation and dissemination of new knowledge and insight in entrepreneurial theory and practice through research.

To augment the supply of trainer - motivators for entrepreneurship development.

To sensitize the support environment to facilitate potential as well as existing entrepreneurs establish and manage their enterprises.

To promote micro enterprises at a rural level.

To inculcate the spirit of "entrepreneurship" in youth.

To collaborate with similar organizations in India and other developing countries to accomplish the above objectives.

The EDI led to the emergence of several training programmes in various areas, thereby advancing the frontiers of the theories and practices of entrepreneurship, and effectively contributing to the Nation's economic vitality.

**EDI addresses its programmes to:**

(i) **Target Institutions**

- State level ED organizations
- ED institutions at the international level
- Educational institutions
o Non-Government organizations/voluntary organizations
o Industry organizations
o Banks / Financial institution
o Industry / Business association
o Government Organizations.

(ii) Target trainees
o Government
o Officers / Executives
o Bankers
o Trainers
o Teachers
o Students
o Rural poor
o Women
o Existing entrepreneurs
o Potential entrepreneurs
o Counsellors and consultants
o Technocrats
o Educated unemployed, artisans,
o Ex-serviceman
EDI programme package

- Entrepreneurship in education
- Micro enterprise and micro finance development
- Performance and growth of existing entrepreneurs
- Performance improvement of ED organizations and ED programmes
- Entrepreneurship environment and support system
- Strategic international programmes
- Innovation centre:

  A national facility for Science and Technology based Entrepreneurial Innovations is carried in innovation centre of EDI and centre for research in entrepreneurship education and development is set up.

  Through these various programme packages, EDI try to develop the capabilities, create awareness, inculcate a spirit of achievement, review the performance, motivate potential and existing entrepreneur equip entrepreneurs with knowledge and information about international trade linkages, which would help the entrepreneurs in starting their own units or in their existing business.
EDI today is an acknowledged national resource institution committed to entrepreneurship education, training and research, striving to provide innovative training techniques, competent faculty support, teaching and training material, besides sharing benefits of in-house research as well as experience in relevant spheres. EDI realized that such a gigantic task can only be accomplished with collaborative efforts, so EDI has linkage with a nationwide network of organisation and institutions committed to entrepreneurship development.

4.5.5 Technical Consultancy Organisations (TCO):

The Technical Consultancy Organizations (TCOs) were set up in the early seventies / eighties. The TCOs have been set up to provide under a single roof, a package of total consultancy services covering all stages in the project cycle. TCOs also provide consultancy services to State Governments, state level development financing institutions and banks. The main thrust of TCOs operations is in the area of preparation of project reports and feasibility reports. Having gained experience over the years, TCOs have diversified into the field of identification of potential entrepreneurs and their training, project implementation rehabilitation, management consultancy, detailed design engineering and turn-key services, besides energy audit and conservation.
Activities of TCOs

The major activities of TCOs are:

- Carrying out industrial potential surveys, identification of project ideas, project formulation.
- Evaluation of projects referred to them.
- Preparation of project profiles, feasibility studies.
- Preparation of project reports and to render turn-key services in project implementation.
- Conduct area development and marketing surveys.
- Assisting entrepreneurs in their modernization, technical upgradation programme, etc.
- Revival of sick units right from the state of carrying out diagnostic studies to the actual implementation of rehabilitation schemes.
- Project supervision and where necessary, rendering technical and administrative assistance.
- Conducting special studies as assigned by the entrepreneurs and entrepreneurship.
- Conduct EDPs, entrepreneurship awareness camp, training programme.
- Identify the potential entrepreneurs and providing them technical management assistance
- Undertaking market research and surveys for specific products.
- Undertaking energy audit and energy conservation assignment
- Taking up assignments on turn key basis
- Undertaking export consultancy for export-oriented projects based on modern technology
- Offering management consultancy services
- Offering Merchant banking Service

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**Figure 4.7**

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- Feasibility studies
- Project Reports
- Project Profiles
- Surveys
- Studies
- Training
- Awareness camps

- Modernization
- Rehabilitation
- Diagnostics
- Functional

Figure 4.7
Incentives and assistance schemes

Different incentive schemes are offered by the central and state governments, including the Union Territories. The list of incentives and assistance offered by either or both the Governments to potential entrepreneurs are as follows:

(A) Financial Incentives:-

(i) Differential rate of interest scheme (DRI)

(ii) Composite Loan Scheme (CLS)

(iii) Margin money Scheme for Tiny sector

(iv) Special Capital Scheme of SIDBI

(v) Seed Capital Scheme

(vi) Equity Fund Scheme

(vii) Soft-Loan Scheme for modernization

(viii) Bill Discounting Scheme

(ix) Margin Money Scheme for Revival of Sick units

(x) Scheme for Rehabilitation of Sick Units

(xi) Credit Guarantee Scheme

(xii) State Aid to Small-Scale Industries

(xiii) Interest Free Loans
(B) Fiscal Incentives:-

(i) Concessions under income-tax law

(1) Investment allowance under section 32A and 32A (2B)

(2) Amortization of certain preliminary expenses under section 35D

(3) Additional Depreciation for new plant and machinery under section 32(i)(ii a)

(4) Tax concessions in respect of newly setup small-scale industrial undertakings in rural areas under section 80-I

(5) Tax Holiday for new industries under section 80-I

(6) Exemption from property tax

(ii) Concessions under Excise tariffs

(C) General Incentives:-

(1) Reservation of items for exclusive manufacture in the small scale sector. At present, the number of reserved items stands at 836.

(2) Reservation of items for exclusive purchase from the small scale sector. It contains 409 items.

(3) Price preference on Government purchases

(4) Registration of small-scale units for participation in Government Stores purchase programmes.
(5) Supply of machinery on hire purchase and/or lease basis by NSIC

(D) Special Incentives in Backward Area:

(1) Central Investment Subsidy scheme
(2) Concessional Finance Scheme
(3) Transport subsidy Scheme
(4) Interest Subsidy Scheme
(5) Consultancy Techno-Managerial Services
(6) Levy of charges for consultancy services of SIDO
(7) Machinery on Hire-Purchase/lease to small-scale units by NSIC
(8) Income-tax incentives

(E) Other Concessions

(1) Export-Import subsidies and Bounties.
(2) Subsidy for Research and Development works.
(3) Subsidy for power generators.
(4) Subsidy to artisans and traditional industries, including handlooms, handicrafts etc.
(5) Special incentives to women entrepreneurs.
(6) Incentives to non-resident Indians.
(7) Interest-free sales Tax loans.

(8) Sales Tax exemptions.

(9) Subsidy for buying testing equipment.

(10) Subsidy for industrial housing.

(11) Land and building at concessional rates.

(12) Exemption from stamp duty.

(13) Concession in water and power tariffs.

(14) Subsidised raw materials.

**Assistance Programme**

Some of the important measures of assistance now available for the entrepreneurs in the industrial sector are:

(1) Technical assistance through industrial extension services

(2) Assistance for obtaining raw materials,

(3) Cash assistance

(4) Supply of machinery on hire-purchase basis

(5) Marketing assistance;

(6) Assistance to small entrepreneurs

(7) Rural Industries Projects
Types of Incentives

Figure 4.8
There are many assistance and incentives provided by Government through various institutions, which motivate potential entrepreneurs, as well as existing entrepreneurs to start and run their businesses successfully.