**ENTREPRENEURSHIP & MANAGEMENT & SMART TECHNOLOGY**

Semester: 5TH

**STUDY MATERIAL**



ENTREPRENEURSHIP AND MANAGEMENT AND SMART TECHNOLOGY

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**ENTREPRENEURSHIP: MEANING:** It is the process of designing, launching and running a new business, i.e. a [startup company](https://en.wikipedia.org/wiki/Startup_company) offering a product, process or service. It is the "capacity andwillingness to develop, organize and manage a business venture along with any of its risks in order to make a profit."

**ENTREPRENEURSHIP: DEFINITIONS:** Various experts have different words. Some of thedefinitions are as follows;

According to Collins Cobuild English Language Dictionary, 1987, ―An entrepreneur is a person who sets up business deals in order to make a profit.‖

According to J.B. Say, ―An entrepreneur is the economic agent who unites all means of production‖.

Richard Cantillon says, ―All persons engaged in economic activity are entrepreneurs.

J.A. Schumpeter is of the view that, ―A person who introduces innovative changes is an entrepreneur and he is an integral part of economic growth.‖

According to Webster, ―Entrepreneur is one who assumes risk and management of business.

Dewing has rightly put it as follows: ―The function of entrepreneur is one that promotes ideas into business.‖

Thus, an entrepreneur is always action- oriented. He has the ability to visualize the necessary steps involved from idea generation to its actualization. He is both a thinker andworker. He accepts risk and manages it. All the above definitions portray an entrepreneur as an initiator of action, stimulator of social economic change and a harnesser of resources.

## Need of Entrepreneurship

**Entrepreneurship has the ability to improve the standard of leaving and create**

## business. Entrepreneurs helps the enterprise to bring innovation with new and improved product and facilitate market.

1. **Development of managerial capabilities:** The major need of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative. This exercise helps in sharpening the decision-making skills of an entrepreneur. Besides, these managerial capabilities are used by entrepreneurs in creating new technologies and products in place of older technologies and products resulting in higher performance.
2. **Creation of organizations:** Entrepreneurship results into creation of organizations whenentrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.
3. **Improving standards of living:** By creating productive organizations, entrepreneurship generates employment in the country reduced unemployment and improve the standard of leaving.
4. **Means of economic development:** Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country.

## Entrepreneur

**Who is an entrepreneur?**

Entrepreneurs are business people who can detect and sense the availability of business opportunities in any given scenario. They will utilize these opportunities to create new products by employing new production methods in different markets. They will also function in different ways by using various resources who will give them profit. It is important to note that although most

entrepreneurial businesses start small, the owners of such businesses need not be small scale owners. They could in fact be big business owners, who first try and test the waters before investing big time in the business. Small business owners dread risk, but successful entrepreneurs are very innovative and know how to operate profitably ina business environment, even if the risk is very high.

## Types of Entrepreneurs:

Based on their working relationship with the business environment they are functioning in, various types of entrepreneurs can be found. The chief categories are these four types of entrepreneurs, i.e.

* Innovative entrepreneurs,
* Imitating Entrepreneurs,
* Fabian Entrepreneurs, and
* Drone Entrepreneurs.

Let us now discuss each of them in detail.

**Innovative Entrepreneurs** : This type of an entrepreneur is more interested in introducing some new ideas into the market, organization or in the nation. They are drawn towards innovations and invest a lot of time and wealth in doing research and development.

**Imitating Entrepreneurs:** These are often disparagingly referred to as ‗copy cats ‘. They observe an existing successful system and replicate it in a manner where all the deficiencies of the original business model are addressed and all its efficiencies are retained. These entrepreneurs help to improve an existing product or production process and can offer suggestions to enhance the use of

better technology.

**Fabian Entrepreneurs:** These are entrepreneurs that are very careful in their approaches and cautious in adopting any changes. They are not prone to sudden decisions and try to shy away from any innovationsor change that doesn‘t fit their narrative.

**Drone Entrepreneurs:** These are entrepreneurs who do not like a change. They are considered as ‗old school ‘. They want to do business in their own traditional or orthodox methods of production and systems. Such people attach pride and tradition to even outdated methods of doing business.

**QUALITIES OF AN ENTREPRENEUR:** An entrepreneur is a person who initiates a businessventure. The characteristics or some special qualities and strengths which make an entrepreneur different from a business person. It is important for us to note that a successful entrepreneur possesses the following characteristics. There are some essential features of an entrepreneur which are describing below.

* 1. **Initiative:** An entrepreneur takes an action that goes beyond job requirements or the demand of the situation. They Create ideas that bring about phenomenal changes.
	2. **Opportunity seeking:** An entrepreneur is quick to see and seize opportunities. He/she does things before he/she is asked to work by people or forced by situation.
	3. **Persistence:** An entrepreneur is not discouraged by difficulties and problems that come up in the business or his/her personal life. Once she sets a goal she is committed to the goal and will become completely absorbed in it.
	4. **Information seeking:** An entrepreneur undertakes personal research on how to satisfy customers and solve problems. He/she knows that different people have different

capabilities that can be of help to them. He/she seeks relevant information from

his/her clients, suppliers, competitors and others. He/she always wants to learn things which will help the business to grow.

* 1. **Demand for quality and efficiency:** An entrepreneur is always competing with others to do things better, faster, and at less cost he/she strives to achieve excellence.
	2. **Risk taking:** Are you afraid of uncertainties? Then you cannot be an entrepreneur. Entrepreneurs are not high risk takers. They are also not gamblers; they calculate their risks before taking action. They place themselves in situations involving moderate risk sothey are moderate risk takers.
	3. **Goal setting:** An entrepreneur sets meaningful and challenging goals for him/herself. An entrepreneur does not just dream. Him/she thinks and plans what he/she does. He/she is certain or has hope about the future.
	4. **Commitment to work:** An entrepreneur will work long hours after into the night just to be able to keep his/her promise to his/her client. He/she does the work together with his/her workers to get a job done. He/she knows how to make people happy to work for him/her due his/her dynamic leadership.
	5. **Systematic planning and monitoring:** An entrepreneur plans for whatever he/she expects in the business. He/she does not leave things to luck. He/she plans by breaking large tasks down into small once and puts time limits against them. Since and entrepreneur knows what to expect at any time he/she is able to change plans and strategies to achieve what he/she aims at.
	6. **Persuasion and networking:** An entrepreneur acts to develop and maintain business contacts by establishing good working relationship. Uses deliberate strategies to influence others.
	7. **Independence and self-confidence:** Most entrepreneurs start business because they like to be their own boss. They are responsible for their own decisions.

## Characteristics of Entrepreneur

* + 1. **Facilitating Character**

An entrepreneur must build a team, keep it motivated, and provide an environment for individual growthand career development

## Self-Confidence

Entrepreneurs must have belief in themselves and the ability to achieve their oils.

## Work with Vision and Mission

An entrepreneur must be committed to the project with a time horizon of f vie to seven years. No ninety-day wonders are allowed.

## High Degree of Endurance

Success of an entrepreneur demands the ability to work long hoursfor sustain period of time

## Trouble Shooting Nature

An entrepreneur must have an intense desire to complete task or solve a problem. Creativity is an essentialingredient

## Initiative and Enterprising Personality

An entrepreneur must have initiative, accepting personal responsibility for a ones, and above allmakegood use of resources.

## Goal Setter

An entrepreneur must be able to set challenging but realistic goals.

## Calculated Risk-Taking Ability

An entrepreneur must be a moderate risk-taker and learn from any failures.

An entrepreneur is a job-giver and not a job-seeker. This means that heis his own boss. The **characteristics** which make him his own boss are givenbelow :

1. Strong achievement orientation.
2. Unwavering determination and commitment.
3. Self-reliance and independence.
4. Hunger for success.
5. Self-confidence and self-faith.
6. Sustained enthusiasm.
7. Single-mindedness.
8. Strong reality orientation.
9. Willingness to accept responsibility.
10. Courage.
11. Ability to survive defeat.
12. Become wealthy and stay humble.

An entrepreneur is a highly achievement oriented, enthusiastic and energetic individual.

## Functions of an Entrepreneur

An entrepreneur is expected to perform the following functions.

## Risk Absorption

The entrepreneur assumes all possible risks of business. A business risk also involves the risk due to the possibility of changes in the tastes of consumers, techniques of consumers, techniques of production and new inventions. Such risks are not insurable. If they materialise, the entrepreneur has to bear the loss himself. Thus, Risk-bearing remains the most function of an entrepreneur. An entrepreneur tries to reduce the uncertainties by his initiative, skill and good judgment.

## Formulate Strategic Business Decisions

The entrepreneur has to decide the nature and type of goods to be produced. He enters the particular industry which offers from t he best prospects and produces whatever commodities he thinks will pay him the most employs those methods of production which seem to him the most profitable. He effects suitable changes in the size of the business, its location techniques of production and does everything that is needed for the development of his business.

## Execute Managerial Functions

The entrepreneur performs the managerial functions though the managerial functions are different from entrepreneurial functions. He formulates production plans, arranges finance, purchased, raw material provides, production facilities, organizes sales an assumes the task of personnel management. In a large establishment these management functions are delegated to the paid managerial personnel.

## Adopt Innovation Function

An important funct ion of an entrepreneur is ―Inno vat ion‖. He conceives the idea for the improvement in the quality of production line. He considers the economic inability and technological feasibility in bringing about improve quality. The introduction of different kinds of Electronic gadgets is an example of such an innovation of new products. Innovation is an ongoing function rather than once for all, or possibly intermitted

## Barriers to entrepreneurship

Many entrepreneurs fail due to several barriers or problem. Vasper has identified the following barriers

* 1. Lack of concept knowledge- which can be overcome by increased market

contact.

* 1. Lack of market knowledge which can be overcome by taking help of local incubator, companies and market contact and consultant.
	2. Lack of technical skills which can be overcome by recruiting capable local manpower, technical education, assistance of consultants.
	3. Lack of seed capital which can be arranged from supplier credit, local venture capital and bankers.
	4. Lack of business knowledge- which can be overcome through entrepreneurial education and study of successful role models.
	5. Lack of motivation- which can be overcome through entrepreneurial education and inspiration from successful role models.
	6. Social Stigma against business can be overcome by study of successful role models.
	7. Time pressure and distraction.
	8. Legal constrains, regulation and red tape. Red tape is an idiom referring to regulations or conformity to formal rules or standards which are claimed to be excessive, rigid or redundant, or to bureaucracy claimed to hinder or prevent action or decision-making. It is usually applied to governments, corporations, and other large organizations. Things often described as "red tape" include filling out paperwork, obtaining licenses, having multiple people or committees approve a decision and various low-level rules that make conducting one's affairs slower, more difficult, or both. Red tape has been found to hamper organizational performance and employee wellbeing by meta-analytic studies in 2020.
	9. Monopoly and protectionism. Protectionism, sometimes referred to as trade protectionism, is the economic policy of restricting imports from other countries through methods such as tariffs on imported goods, im...
	10. Inhibitions due to patents.

Technical education, entrepreneurship training programs, help from

consultant can reduce the effect of these barriers.

TABLE-I

## DISTINCTIVE FEATURES OF TRADITIONAL MANAGERS AND THE ENTREPRENEUR

|  |  |  |
| --- | --- | --- |
| **Features** | **Managers** | **Entrepreneur** |
| Primary Motives | Want promotion and traditionalcorporate rewards. Power- motivated. | Wants freedom, goaloriented Self-reliant, and self-motivated. |
| Time Orientation | Respond to quotas and Budgets, weekly, monthly, quarterly, annual planning horizons, the next promotion or transfer. next stepalong way. | End goals of 5-10 year growth of business in view as guides. Takes action now to move the |
| Action | Delegate action. Supervising and reportingtake most of energy. their | Gets hands dirty. May upset employees bysuddenly doing |

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|  | work. |  |
| Skills | Professional training. Often business school trained. Abstract analytical tools, people- management, and political skills.trained if in technical business. | Knows business intimately. More business acumen than managerial or political skill. Often technically |
| Courage and Destiny | Sees others in charge of his or her destiny. Can be forceful and ambitious, but may be fearful of others’ ability in case ofoptimism. | Self-confident, optimistic, courageous. |
| Attention | Primly on events inside corporation. | Primarily on technology andmarket place. |
| Risk | Careful | Like moderate risk. Invests heavily, but expects to succeed. |
| Market Research | Has market studies done to discover needs and guide product conceptualization. | Creates needs. Creates productsthat often can’t be tested withmarket research- potential customers don’t yet understandthem. Talks to customers and formsown opinions. |

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| --- | --- | --- |
| Status | Cares about statussymbols.if job is getting done. | Happy sitting on an orange crate |
| Failure andMistakes | Strives to avoid mistakes and surprises. Postpones recognisingfailure. | Deals with mistakes and failures as learningexperiences. |
| Decisions | Agrees with those in power. Delaysdecision until he gets a feel of hat bosses want. | Follows private vision. Decisive and action- oriented. |
| Who they Serve | Please others. | Pleases self and customers. |
| Attitude Toward the system | Sees system as nurturing and protective,seeks position within it. | May rapidly advance in a system, when frustrated; reject the system and formhis or her own. |
| Problem- solvingStyle | Works out problems within the system. | Escapes problems in large and formal structures by leaving and starting overhis own. |
| Family History | Family members worked for largeorganizations. | Entrepreneurial small- business, professional, or agricultural background. |

* **FORMS OF BUSINESS OWNERSHIP:** When organizing a new business, one of the most important decisions to be made is choosing the structure of a business.
1. **SOLE PROPRIETORSHIPS:** The vast majority of small business starts out as sole proprietorships are very dangerous. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

## Merits:

* + Easiest and least expensive form of ownership to organize.
	+ Sole proprietors are in complete control, within the law, to make all decisions.
	+ Sole proprietors receive all income generated by the business to keep or reinvest.
	+ Profits from the business flow-through directly to the owner's personal tax return.
	+ The business is easy to dissolve, if desired.

## Demerits:

* + Unlimited liability and are legally responsible for all debts against the business.
	+ Their business and personal assets are 100% at risk.
	+ Has almost been ability to raise investment funds.
	+ Are limited to using funds from personal savings or consumer loans.
	+ Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business.
	+ Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).
1. **PARTNERSHIPS:** In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. They also must decide up front how much time and capital each will contribute, etc.

## Merits:

* + Partnerships are relatively easy to establish; however, time should be invested indeveloping the partnership agreement.
	+ With more than one owner, the ability to raise funds may be increased.
	+ The profits from the business flow directly through to the partners' personal taxes.
	+ Prospective employees may be attracted to the business if given the incentive to become apartner.

## Demerits:

* + Partners are jointly and individually liable for the actions of the other partners. Profits must be shared with others.
	+ Since decisions are shared, disagreements can occur.
	+ Some employee benefits are not deductible from business income on tax returns.
	+ The partnerships have a limited life; it may end upon a partner withdrawal or death.
1. **CORPORATIONS:** A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. Acorporation can be taxed; it can be sued; it can enter into contractual agreements. The owners ofa corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

## Merits:

* + Shareholders have limited liability for the corporation's debts or judgments against the corporations.
	+ Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions,such as the failure to withhold and pay employment taxes.)
	+ Corporations can raise additional funds through the sale of stock.
	+ A corporation may deduct the cost of benefits it provides to officers and employees.
	+ Can elect S corporation status if certain requirements are met. This election enablescompany to be taxed similar to a partnership.

## Demerits:

* + The process of incorporation requires more time and money than other forms oforganization.
	+ Corporations are monitored by federal, state and some local agencies, and as a result mayhave more paperwork to comply with regulations.
	+ Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible form business income, thus this income can be taxed twice.
1. **JOINT STOCK COMPANY:** Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives. The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions. There are two main types of joint stock Companies.
2. **Private Limited Company:** This type company can be formed by two or more persons. The maximum number of member ship is limited to 50. In this transfer of shares is limited to members only. The

government also does not interfere in the working of the company.

1. **Public Limited Company:** It is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company‘s can advertise to offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

## Merits:

* + The liability being limited the shareholder bear no Rick& therefore more as make personsare encouraged to invest capital.
	+ Because of large numbers of investors, the risk of loss is divided.
	+ Joint stock companies are not affected by the death or the retirement of the shareholders.

## Demerits:

* + It is difficult to preserve secrecy in these companies.
	+ It requires a large number of legal formalities to be observed.
	+ Lack of personal interest.
1. **PUBLIC CORPORATIONS:** A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

## Merits:

* + These are expected to provide better working conditions to the employees & supported tobe better managed.
	+ Quick decisions can be possible, because of absence of bureaucratic control.
	+ More flexibility as compared to departmental organization.
	+ Since the management is in the hands of experienced & capable directors & managers,these ate managed more efficiently than that of government departments.

## Demerits:

* + Any alteration in the power and constitution of corporation requires an amendment in the particular Act, which is difficult and time consuming.
	+ Public Corporations possess monopoly and in the absence of competition, these are notinterested in adopting new techniques & in making improvement in their working.
1. **GOVERNMENT COMPANIES:** A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which of the share capital is held by the central government or partly by central government & party by one to more state governments. It is managed by the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed ever year on the table of the parliament or state legislaturesalong with the comments of the government to concerned department.

## Merits:

* + It is easy to form.
	+ The directors of a government company are free to take decisions & are not bound bycertain rigid rules & regulations.

## Demerits:

* + Misuse of excessive freedom cannot be ruled out.
	+ The directors are appointed by the government so they spend more time in pleasing theirpolitical masters & top government officials, which results in inefficient management.

## Concept of Start UP

Startups are the lifeblood of our economy and innovation across the globe. They create jobs, new products, dreams, and disruption. They are led by entrepreneurs who work hard to bring their ideas to life. Often overshadowed by failure, they persist and can change the world.

Take a look around at the products and services you are currently using and surrounded by. Why are they there? Well, it’s because they are solving a problem or filling a need you would otherwise be experiencing.

This is how all great inventions and startup businesses are born – from a problem or need. From electricity, to the telephone, to the Internet, and more recently to PayPal and Facebook, great businesses are built on big problems.

Consider this the first question on your startup litmus test: “What problem does my startup or idea solve, and how painful is that problem?” Think critically about this question, as an honest assessment may save hours, days, weeks, months, or years of your time.

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| **Company****Name** | **Problem** | **Solution** |

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| *5-hour Energy* | Whether its lack of sleep, long days, or hard work, people run low on energy over the course of the day. | 5-hour Energy released a small (2 oz.) energy shot to provide an extra boost without filling your stomach. |
| *Apple* | Personal computers were not affordable or available to the general public. | Apple released the Apple I, II, and Macintosh to provide individuals with computing capabilities in their own home and office. |
| *Ford Motor Company* | Despite the first modern automobile being created in 1886, there was no fast and efficient way to produce an automobile for personal use. | Henry Ford created the assembly line to much more quickly mass produce his vehicle, the Model T. |
| *Spanx* | Panty hose traditionally covered the entire foot, including toes, which is not ideal for some shoe types. If the hose is cut, it rolls up the leg. | Sara Blakely developed and introduced footless pantyhose with her company, Spanx. |
| *Dropbox* | Files access was constrained to the hardware they were saved upon. | Drew Houston developed a system of synchronizing files via the web to be accessed from any device. |
| *Under Armour* | Clothing worn during exercise and underneath padding became soaked with sweat, heavy, and uncomfortable. | Kevin Plank (then a captain on the University of Maryland football team) noticed his compression shorts were kept dry. He used the same moisture-wicking microfiber to produce other clothing to keep athletes cool, light, and dry. |
| *Amazon* | Buying books was constrained to finding a bookstore, having the correct book in stock, and traveling to that bookstore. | Jeff Bezos made it possible with Amazon to purchase any title and have it shipped directly to you from any location. |
| *LinkedIn* | Managing a professional network is challenging – maintaining business cards, rolodexes, and relationships with contacts was a challenge. | LinkedIn offered a virtual rolodex that stores and curates your contacts’ information for you, while providing a vessel for communication as well. |
| *Pandora Radio* | Discovering new music is difficult. | Pandora keeps track of a user’s preferences and created a matrix connecting similar |

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|  | music to other songs, allowing the user to experience new music. |
| Buying goods at multiple different stores is both time and capital intensive. | Walmart gives shoppers the ability to “one- stop shop” and purchase all the goods they need in one location, at a lower price due to economies of scale and bulk ordering. |
| *Walmart* |  |

## DIC – DISTRICT INDUSTRIES CENTERS:

It comes under the Department of Industries and Commerce. The primary objective of theDIC is to generate employment by way of promoting Micro, Small and Medium Enterprises(MSMEs), Cottage and Handicrafts Industries. The packages of services offered by the District Industries Centre are Multidimensional and need based for facilitating industrial growth in respect of new and graduating enterprises. The DIC is headed by General Managerwho is supported by functional Managers, technical and non-technical Officers.

## Functions:

* Employment Generation.
* Motivating and guiding the entrepreneur.
* Rendering escort services to set up an Enterprise (effectively through single window committee).
* Conducting of motivation camps and dissemination meetings.
* Implementation of Central / State Government Schemes forsetting up of Enterprises. Implementation of subsidy schemes.
* Testing facilities.
* Project Profiles.
* Technical Feasibility report to Banks
* Issue of Production / Capacity Certificates.
* Export Guidance Cell.
* All the MSMEs are offered various services and support under the

single roof of the District Industries Centre.

* This Centre caters to Promotion of MSMEs as also Registration and Development of Industrial Cooperatives.
* **Administration:** The General Manager is the head of the District Industries Centre. The post of General Manager is of Joint / Deputy Director Level. The General Manager is assisted by the Project Manager, Manager (Credit), Manager (Economic Investigation)/ Manger (Village Administration) and an office Superintendent.
* **Monitoring of DICs:** The functioning of DICs and their achievement is monitored by the Principal Secretary/ Industries Commissioner & Director Of Industries & Commerce. The Review of the General Managers is organized frequently to evaluate the performance and also help in resolving difficulties in implementation of different schemes.

## NATIONAL SMALL INDUSTRIES CORPORATION LIMITED (NSIC):

It is a PSU established by the [Government of India](https://en.wikipedia.org/wiki/Government_of_India) in 1955.

It falls under Ministry of Micro, Small & Medium Enterprises of India. It was established in 1955 to promote and develop micro and smalls scale industries and enterprises in the country.

NSIC operates through countrywide network of offices and Technical Centres in the Country.

To manage operations in African countries, NSIC operates from its office in [Johannesburg](https://en.wikipedia.org/wiki/Johannesburg), [South](https://en.wikipedia.org/wiki/South_Africa)

[Africa](https://en.wikipedia.org/wiki/South_Africa).

In addition, NSIC has set up Training cum Incubation Centre & with a large professional

manpower; NSIC provides a package of services as per the needs of MSME sector.

Government of India in order to promote small and budding entrepreneurs of post independent India decided to establish a government agency which can mediate and provide help to small scale industries (SSI). As such they established *National Small Industries Corporation* with objectives to providemachinery on hire purchase basis and assisting and marketing in exports.

SSI's registered with NSIC were exempted from paying [Earnest money](https://en.wikipedia.org/wiki/Earnest_money) and provided facility of

free participation in government tendered purchases.

Also for training persons the training facilities centers and for providing assistance in modernizing the small industries several branches ofNSIC were opened up by government over the years in several big and small towns, where small industries were growing.

NSIC also helps in organizing supply of raw materials like coal, iron, steel and other materials and even machines needed by small scale private industries by mediating with other government companies like [Coal India Limited, Steel Authority of India Limited](https://en.wikipedia.org/wiki/Coal_India_Limited), [Hindustan Copper Limited](https://en.wikipedia.org/wiki/Hindustan_Copper_Limited) and many others, who produce this materials to provide same at concessional rates to SSIs.

Further, it also provides assistance to small scale industries by taking orders from Government of India owned enterprises and procures these machineries from SSI units registered with them, thus providing a complete assistance right from financing, training, providing raw materials for manufacturing and marketing of finished products of small scale industries, which would otherwise not be able to survive in face of competition from large and big business conglomerates.

It also helps SSI by mediating with government owned banks to provide cheap finance and loans to budding small private industries of India.

Nowadays, it is also providing assistance by setting up incubation centers in other continents and also international technology fairs to provide aspiring entrepreneurs and emerging small enterprises a platform to develop skills, identify appropriate technology, provide hands-on experience on the working projects, manage funds through banks, and practical knowledge on how to set up an enterprise. NSIC Technical Services Centres are located at the following places-

|  |  |
| --- | --- |
| **Name of the Centre** | **Focus area** |
| Chennai | Leather & Footwear |
| Howrah | General Engineering |
| Hyderabad | Electronics & Computer Application |
| New Delhi | Machine Tools & related activities |
| Rajkot | Energy Audit & Energy Conservation activities |
| Rajpura (Pb) | Domestic Electrical Appliances |

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| --- | --- |
| Ramnagar (UK) | Electronics & computer Hardware and application |
| Aligarh (UP) | Lock Cluster & Die and Tool making |

## SIDBI - SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA:

Small Industries Development Bank of India is an independent financial institution aimedto aid the growth and development of micro, small and medium- scale enterprises (MSME)in [India.](https://en.wikipedia.org/wiki/India) Set up on April 2, 1990 through an act of parliament, it was incorporated initially as a wholly owned subsidiary of [Industrial Development](https://en.wikipedia.org/wiki/IDBI_Bank) [Bank of India.](https://en.wikipedia.org/wiki/IDBI_Bank) Currently the ownership is held by 33 Government of India owned / controlled institutions. Beginning as a refinancing agency to banks and state level financial institutions for their credit to small industries, it has expanded its activities, including direct credit to the SME through 100 branches in all major industrial clusters in India. Besides, it has been playing the development role in several ways such as support to micro-finance institutions for capacity building and on lending. Recently it has

opened seven branches christened as Micro Finance branches, aimed especially at dispensing loans up to 5 lakh.

It is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co- ordination of the functions of the institutions engaged in similar activities.

Small Industries Development Bank of India (SIDBI), set up on April 2, 1990 under small industries development bank of India act, is the Principal Financial Institution for the Promotion, Financing and Development of the Micro, Small and Medium Enterprise (MSME) sector and for Co-ordination of the functions of the institutions engaged in similar activities. The Charter establishing it, The Small Industries Development Bank of India Act, 1989 envisaged SIDBI to be "the principal financial institution for the promotion, financing and development of industry in the small scale sector and to co-ordinate the functions of the institutions engaged in the promotion and financing or developing industry in the small scale sector and for matters connected therewith or incidental thereto.

SIDBI retained its position in the top 30 Development Banks of the World in the latest ranking of The Banker, London. As per the May 2001 issue of The Banker, London, SIDBI ranked 25th both in terms of Capital and Assets.

Credit Guarantee Fund Trust for Micro and Small Enterprises popularly known as CGTMSmall Industries Development Bank of India (SIDBI) was established as wholly owned subsidiary of Industrial Development Bank of India (IDBI) under the small

Industries Development of India Act 1989. It is the principal institution for promotion, financing and development of industries in the small-scale sector. It also coordinates the functions of institutions engaged in similar activities. For this purpose, SIDBI has taken over the responsibility of administrating Small Industries Development Fund and National Equity Fund from IDBI.

**Capital:** SIDBI started its operations from April 1990 with an initial authorized capital ofRs. 250 crore, which could be increased to Rs. 1000 crore. It also took over the outstanding portfolio of IDBI relating to small scale sector held under Small Industries Development Fund ason March 31,1990 worth over Rs. 4000 crore.

**What are the objectives of SIDBI?** In the setting up of SIDBI, the main purpose of the government was to ensure larger flow of assistance to the small-scale units. To meet this objective, the immediate thrust of the SIDBI was on the following measures:

1. Initiating steps for technological up gradation and modernization of existing units;
2. Expanding the channels for marketing the products of the small scale sector; and
3. Promotion of employment-oriented industries, especially in semi- urban areas to create moreemployment opportunities and thereby checking migration of population to urban areas.

**What are the functions of SIDBI?** SIDBI provides assistance to the small-scale industries sector in the country through the existing banking and other financial institutions, such as, State

SE is widely being used by many PSU Banks and Private sector banks to fund

MSME

Financial Corporations, State Industrial Development Corporations, commercial banks,cooperative banks and RRBs. etc. The major functions of SIDBI are given below:

1. It refinances loans and advances provided by the existing lending institutions to the small-scale units.
2. It discounts and rediscounts bills arising from sale of machinery to and manufactured bysmall-scale industrial units.
3. It extends seed capital/soft loan assistance under National Equity Fund, Mahila UdyamNidhi and Mahila Vikas Nidhi and seed capital schemes.
4. It grants direct assistance and refinance loans extended by primary lending institutions forfinancing exports of products manufactured by small-scale units.
5. It provides services like factoring, leasing, etc. to small units.
6. It extends financial support to State Small Industries Corporations for providing scarce rawmaterials to and marketing the products of the small-scale units.
7. It provides financial support to National Small Industries Corporation for providing;leasing, hire purchase and marketing help to the small-scale units.

## COMMERCIAL BANKS:

A **commercial bank** is a type of [financial institution](https://en.wikipedia.org/wiki/Financial_institution) that provides services such as accepting deposits, making business loans, and offering basic investment products. Commercial bank can also refer to a bank, or a division of a large bank, which more specifically deals with deposit and loan services provided to corporations or large/middle-sized business - as opposed to individual members of the public/small business - [retail banking,](https://en.wikipedia.org/wiki/Retail_banking) or [merchant banks.](https://en.wikipedia.org/wiki/Merchant_bank)

**Role:** The general role of commercial banks is to provide financial services to general public and business and companies, ensuring economic and social stability and sustainable growth of the economy. In this respect, "[credit creation](https://en.wikipedia.org/wiki/Money_creation)" is the most significant function of commercial banks. While sanctioning a loan to a customer, they do not provide cash to the borrower. Instead, they sopen a deposit account from which the borrower can withdraw. In other words, while sanctioninga loan, they automatically create deposits, known as a "credit creation from commercial banks".

* Commercial banks accept various types of deposits from public especially from its clients, including saving account deposits, recurring account deposits, and fixed deposits. These deposits are returned whenever the customer demands it or after a certain time period
* Commercial banks provide loans and advances of various forms, including an [overdraft](https://en.wikipedia.org/wiki/Overdraft) facility, cash credit, bill discounting, money at call etc. They also give demand and [term loans](https://en.wikipedia.org/wiki/Term_loan) to all types of clients against proper security.....

## Core products and services

* + Accepting money on various types of [Deposit accounts](https://en.wikipedia.org/wiki/Deposit_account)
	+ Lending money in the form of Cash: by overdraft, installment loan etc.
	+ Lending money in Documentary form: [Letters of Credit](https://en.wikipedia.org/wiki/Letter_of_Credit), [Guarantees,](https://en.wikipedia.org/wiki/Loan_Guarantee) [Performance bonds,](https://en.wikipedia.org/wiki/Performance_bonds)securities, underwriting commitments, issuing [Bank drafts](https://en.wikipedia.org/wiki/Bank_draft) and [Bank cheques,](https://en.wikipedia.org/wiki/Bank_cheque) and other forms of off-balance sheet exposure.
	+ Inter- [Financial Institutions](https://en.wikipedia.org/wiki/Financial_Institution) relationship
	+ [Cash management](https://en.wikipedia.org/wiki/Cash_management)
	+ [Treasury management](https://en.wikipedia.org/wiki/Treasury_management)
	+ [Private Equity](https://en.wikipedia.org/wiki/Private_Equity) financing
	+ Processing payments via [telegraphic transfer, EFTPOS](https://en.wikipedia.org/wiki/Telegraphic_transfer), [internet banking,](https://en.wikipedia.org/wiki/Internet_banking) or other payment methods.

**Other functions:** Along with core products and services, commercial banks perform several secondary functions. The secondary functions of commercial banks can be divided into agency functions and utility functions.

## Agency functions include:

* + To collect and clear cheques, dividends and interest warrant.
	+ To make payments of rent, insurance premium, etc.
	+ To deal in foreign exchange transactions.
	+ To purchase and sell securities.
	+ To act as trustee, attorney, correspondent and executor.
	+ To accept tax proceeds and tax returns.

## Utility functions include:

* + To provide safety locker facility to customers.
	+ To provide money transfer facility.
	+ To issue traveler‘s cheque.
	+ To act as referees.
	+ To accept various bills for payment: phone bills, gas bills, water bills, etc.
	+ To provide merchant banking facility.
	+ To provide various cards: credit cards, debit cards, smart cards, etc.
	+ To Make payment to my Clients through online payments
* **National Bank for Agriculture and Rural Development (NABARD)** is an apex development financial institution in India, headquartered at Mumbai with regional

offices all over India. The Bank has been entrusted with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India". NABARD is active in developing financial inclusion policy**.** NABARD is a Development Bank with a mandate for providing and regulating credit and other facilities for the promotion and development of agriculture, small- scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promoting integrated rural development and securing prosperity of rural areas, and for matters connected therewith or incidental there to.

In discharging its role as a facilitator for rural prosperity, NABARD is entrusted with

1. Providing refinance to lending institutions in rural areas
2. Bringing about or promoting institutional development and
3. Evaluating, monitoring and inspecting the client banks Besides this pivotal role, NABARD also:

Acts as a coordinator in the operations of rural credit institutions

Extends assistance to the government, the Reserve Bank of India and other organizations in matters relating to rural development

Offers training and research facilities for banks, cooperatives and organizations working in the field of rural development

Helps the state governments in reaching their targets of providing assistance to eligible institutions in agriculture and rural development

Acts as regulator for cooperative banks and RRBs

## Role of NABARD:

1. **It is an apex institution which has power to deal with all matters concerning policy, planning as well as operations in giving credit for agriculture and other economic activities in the rural areas.**

## It is a refinancing agency for those institutions that provide investment and production credit for promoting the several developmental programs for rural development.

1. **It is improving the absorptive capacity of the credit delivery system in India, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, and training of personnel.**

## It co-ordinates the rural credit financing activities of all sorts of institutions

**engaged in developmental work at the field level while maintaining liaison with Government of India, and State Governments, and also RBI and other national level institutions that are concerned with policy formulation.**

## It prepares rural credit plans, annually, for all districts in the country

1. **It also promotes research in rural banking, and the field of agriculture and rural development.**
* **The Khadi and Village Industries Commission (KVIC)** is a statutory body formed by the Government of India, under the Act of Parliament, 'Khadi and Village Industries Commission Act of 1956'. It is an apex organisation under the Ministry of Micro, Small and Medium Enterprises, with regard to khadi and village industries within India, which seeks to - "plan, promote, facilitate, organis and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary

## Functions of KVIC

* Building up of a reserve of raw materials and implementation for supply to producers
* Formation of common service facilities for processing of raw materials that include semi-finished goods
* Promoting the sale and marketing of Khadi and Village Industries products, as well as handicrafts
* Promoting research in the village industries sector-related production techniques and equipment
* Providing financial assistance to individuals and institutions for the development and operation of Khadi and Village industries

## Objectives of KVIC

* 1. To promote Khadi in rural areas
	2. To provide employment
	3. To produce saleable articles
	4. To create self-reliance amongst the poor
	5. To build up a strong rural community
* **The Technology Business Incubator TBI**-NITC was set up by the National

Institute ofTechnology Calicut and is located at Kettangal, in Kozhikode district, India. It is supported by the National Science and Technology Entrepreneurship Development Board(NSTEDB), Department of Science & Technology, Govt. of India, to raise start-up industries in information technology (IT) and electronics.

* The need for instruments such as TBI has been recognised the world over for initiating technology led and knowledge driven enterprises. Studies also show that such mechanisms help not only in the growth of technology based new enterprises but also in improving their survival rate substantially (from 30 per cent to over 70 per cent). TBIs also facilitate speedy commercialization of research outputs. The TBIs usually provide following types of services:-
* Market survey/ marketing assistance
* Business planning and training
* Organising management/ technical assistance
* Assistance in obtaining statutory approvals
* Information dissemination on product ideas/technologies
* Syndicating finances
* Arranging legal and IPR services
* Using facilities of the Host Institute (HI) at nominal charges
* Work space for a limited period
* Common facilities of TBI such as communication, conference, computers
* Thus, the TBIs besides providing a host of services to new enterprises (and also to existing SMEs in the region) also facilitate an atmosphere congenial for their survival and growth. The essential feature of a TBI is that the tenant companies leave the incubator space within 2-3 years.

•

**Objectives**

TBIs are promoted to achieve the following objectives:

* Creation of technology based new enterprises
* Creating value added jobs & services
* Facilitating transfer of technology
* Fostering the entrepreneurial spirit
* Speedy commercialisation of R&D output
* Specialised services to existing SMEs

**Science & Technology Entrepreneurs Park (STEP)** Programme was initiated to provide a re-orientation in the approach to innovation and entrepreneurship involving education, training, research, finance, management and the government. A STEP creates the necessary climate for innovation, information exchange, sharing of experience and facilities and opening new avenues for students, teachers, researchers and industrial managers to grow in a trans-disciplinary culture

## Objectives of STEPs:

* To forge a close linkage between universities, academic and R&D institutions on the one hand and industry on the other
* To promote entrepreneurship among science and technology persons, many of whom were otherwise seeking jobs soon after their graduation
* To provide R&D support to the small-scale industry mostly through interaction with research institutions
* To promote innovation based enterprises

## Facilities and services provided by STEPs:

Offers facilities such as nursery sheds, testing and calibration facilities, precision tool room/central workshop, prototype development, business facilitation, computing, data bank, library and documentation, communication, seminar hall/conference room, common facilities such as phone, telex, fax, photocopying;

Offers services like testing and calibration, consultancy; training, research, prototype development/ process development, human resource development (short-term courses), technical support services, business facilitation services, database and documentation services, quality assurance services and common utility services.

## The Odisha small Industries Corporation Ltd. (OSIC)

It was established on 3rd April, 1972 as a wholly owned Corporation of Government of Odisha. The basic objective of the Corporation is to

* + aid ,assist and promote the MSMEs in the State for their sustained growth and development
	+ to gear up the industrialization process in the State.
	+ this is the only Corporation in the State exclusively engaged in the development of the MSMEs which form the back bone of industrial sector in the state.

The Odisha Small Industries Corporation Ltd. (OSIC) is a Government of Odisha's Silver Category profit making PSU with annual turnover of more than 550.00 Crore.

## OSIC is working with the following mandates.

1. To provide quality raw material to MSMEs of the State.
2. To provide quality building material to MSME Sector.
3. To assist in marketing the products of the MSME Sector.
4. To act as syndicate leader of MSMEs as per the IPR of the Govt. of Odisha.
5. To act as a Nodal Agency for Sub-contract exchange for MSME Sector and Large Industries.

## What is a Business Plan?

Business plan is the blue print of the step-by-step procedure that would be followed to convert a business idea into a successful business venture. A business plan first of all identifies an innovative idea, researches the external environment to list the opportunities and threats, identifies internal strengths and weakness, assesses feasibility of idea andthen arranges resources (production/ operation, finance, human resources) in the best possible manner to make the plan successful.

The objectives of business plan are:

give directions to the vision formulated by entrepreneur. objectively evaluate the prospects of business

To

To

monitor the progress after implementing the plan. persuade others to join the business.

To

To

seek loans from financial institution

To

visualize the concept in terms of market availability, organizational, operational and financial feasibility.

To

guide the entrepreneur in actual implementation of the plan. identify strengths and weakness of the plan.

To

To

identify challenges in terms of opportunities and threats from the externalmarkets.

To

clarify ideas and identify gaps in management information about their business, competitors and the market.

To

To identify the resources that would be required to implement the plan.

To document ownership arrangements, future prospects and projected growths ofthe business venture.

## Preparing a Business Plan

Preparing a Business Plan is not an easy task. A plan, which looks very lucrative/ feasible at the first instance, might actually not be when details are drawn. Hence documenting the business plan is the first step that an entrepreneur should take. The various steps involved in preparing a business plan are:

***I Preliminary Investigation***: Before preparing the plan entrepreneur should:

* Review available business plans (if any).
* Draw key business assumptions on which the plans will be based (e.g. inflation,

exchange rates, market growth, competitive pressures, etc.)

* Scan the external environment and internal environment to assess the strengths, weakness, opportunities and threats.
* Seek professional advice from a friend/ relative or a person who is already into similarbusiness. (If any)

Business Planning Process

As discussed above the successful entrepreneur lays down a step-by-step plan that she/ he follows in starting a new business. This business plan acts as a guiding tool to the entrepreneur and is dynamic in nature – needs a continuous review and updating so thatthe plan remains viable even in the changing business situations. The Various Steps involved in Business Planning Process are:

### Preliminary Investigation

**Evaluation, Control &Review**

**Project Report Preparation**

**Feasibility Analysis**

**Environmental Scanning**

**Idea Generation**

* 1. The **Service Sector**, also called tertiary sector, is the third of the three traditional [economic sectors](https://simple.wikipedia.org/wiki/Economic_sector).
	2. The other two are the [primary sector](https://simple.wikipedia.org/wiki/Primary_sector), which covers areas such as [farming,](https://simple.wikipedia.org/wiki/Farming) [mining](https://simple.wikipedia.org/wiki/Mining) and [fishing](https://simple.wikipedia.org/wiki/Fishing); and the [secondary sector](https://simple.wikipedia.org/wiki/Secondary_sector) which covers [manufacturing](https://simple.wikipedia.org/wiki/Manufacturing) and making things.
	3. The service sector provides services, rather than producing material commodities. Activities in the service sector include [retail,](https://simple.wikipedia.org/wiki/Retail) [banks,](https://simple.wikipedia.org/wiki/Bank) [hotels,](https://simple.wikipedia.org/wiki/Hotel) [real estate](https://simple.wikipedia.org/wiki/Realty), [education](https://simple.wikipedia.org/wiki/Education), [health](https://simple.wikipedia.org/wiki/Health_care), [social](https://simple.wikipedia.org/wiki/Social_welfare)

[work](https://simple.wikipedia.org/wiki/Social_welfare), [computer](https://simple.wikipedia.org/wiki/Computer) services, [recreation,](https://simple.wikipedia.org/wiki/Recreation) [media,](https://simple.wikipedia.org/wiki/Media) [communications,](https://simple.wikipedia.org/wiki/Communication) electricity, gas and water supply.

|  |  |  |
| --- | --- | --- |
| S.N. | Ancillary Unit | Tiny Unit |
| (i) | An ancillary unit is the unit which supplies not less than 50% of its production to the parent unit. | A tiny unit is the business enterprise whose investment in plant and machinery is not more than Rs. 25 lakh. |
| (ii) | Investment limit in such unit is one crore. | Investment limit is Rs. 25 lakh in this type of unit. |
| (iii) | Parent unit assists the ancillary unit by providing technical and financial help. | No such assistance is there. |

# The official definitions of a small scale unit are as follows:

## Small-Scale Industries:

These are the industrial undertakings having fixed investment in plant and machinery, whether held on ownership basis or lease basis or hire purchase basis not exceeding Rs. 1 crore.

# Ancillary Industries:

These are industrial undertakings having fixed investment in plant and machinery not exceeding

Rs. 1 crore engaged in or proposed to engage in,

1. The manufacture of parts, components, sub-assemblies, tooling or intermediaries, or
2. The rendering of services supplying 30 percent of their production or services as the
3. casemay be, to other units for production of other articles.

# Tiny Units:

These refer to undertakings having fixed investment in plant and machinery not exceeding Rs. 23

lakhs. These also include undertakings providing services such as laundry, Xeroxing, repairs and maintenance of customer equipment and machinery, hatching and poultry etc. Located m towns with population less than 50,000.

# Small-Scale Service Establishments:

These mean enterprises engaged in personal or household services in rural areas and town with

population not exceeding 50000 and having fixed investment in plant and machinery not exceeding Rs. 25 lakhs.

# Household Industries:

These cover artisans skilled craftsman and technicians who can work in their own houses if their work requires less than 300 square feet space, less than 1 Kw power, less than 5 workers and no pollution is caused. Handicrafts, toys, dolls, small plastic and paper products electronic and electrical gadgets are some examples of these industries.

**Characteristics of Small-Scale Industries:**

1. Ownership:

Ownership of small scale unit is with one individual in sole-proprietorship or it can be with a few

individuals in partnership.

# Management and control:

A small-scale unit is normally a one man show and even in case of partnership the activities are

mainly carried out by the active partner and the rest are generally sleeping partners. These units are managed in a personalised fashion. The owner is activity involved in all the decisions concerning business.

# Area of operation:

The area of operation of small units is generally localised catering to the local or regional demand.

The overall resources at the disposal of small scale units are limited and as a result of this, it is forced to confine its activities to the local level.

# Technology:

Small industries are fairly labour intensive with comparatively smaller capital investment than the

larger units. Therefore, these units are more suited for economics where capital is scarce and there is abundant supply of labour.

# Gestation period:

Gestation period is that period after which teething problems are over and return on investment

starts. Gestation period of small scale unit is less as compared to large scale unit.

# Flexibility:

Small scale units as compared to large scale units are more change susceptible and highly reactive

and responsive to socio-economic conditions.

They are more flexible to adopt changes like new method of production, introduction of new products etc.

# Resources:

Small scale units use local or indigenous resources and as such can be located anywhere subject

to the availability of these resources like labour and raw materials.

# Dispersal of units:

Small scale units use local resources and can be dispersed over a wide territory. The development

of small scale units in rural and backward areas promotes more balanced regional development and can prevent the influx of job seekers from rural areas to cities.

### Objectives of Small Scale Industries:

The objectives of small scale industries are:

1. To create more employment opportunities with less investment.
2. To remove economic backwardness of rural and less developed regions of the economy.
3. To reduce regional imbalances.
4. To mobilise and ensure optimum utilisation of unexploited resources of the country.
5. To improve standard of living of people.
6. To ensure equitable distribution of income and wealth.
7. To solve unemployment problem.

**Time Schedule Plan**

**A time schedule plan in the form of precedence network diagram or Bar Chart is as follows:**

|  |  |
| --- | --- |
| **tivity** | **me (Months)****-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18** |
| **1.Decide to go into the business 2.Analysis of strength and weakness 3.Selection of product or services 4.Conduct market research 5.Assessment of potential market share 6.Site selection****7.Preparation of financial Plan 8.Preparation of production plan 9.Preparation of market plan****10. Borrow funds to begin** | **-----****--------****-----------------****--------------------------****--------------------------****--------------------------****------------------------****-------------------------****-----------------------------****--------------------------****---****-----------------------****------** |
|  |  |

## AGENCIES TO BE CONTACTED FOR PROJECT IMPLIMENTATION

The agencies to be contacted for implementation of project are tabulated in the following table:

|  |  |  |
| --- | --- | --- |
| quirement | ency/Person | marks |
| nstitution of Firm |  |  |
| 1.Proprietorship 2.Partnership3.Company (Pvt. Lmt.) | gal Advisor gal Advisor gister of Firm/ Company Secretary gistrar of Company | legal obligationreement to be registered with Registrar of Firm |

|  |  |  |
| --- | --- | --- |
| gistration |  |  |
| 1. For SSI, Ancillary or Cottage Industry
2. Subsidy
3. Sale Tax (State and Central)
4. Production Licence 5.Excise
5. Factory Act
6. Shop and Establishment Act
7. Patents and Trade Mark
 | C/Dep of Industries strict Khadi and Village IndustriesC/IC office les Tax Dept. gal Advisor GTDpt. of Excise or Customs ctory Inspectorgal Advisorfice or Shop Establishment cal Authoritiesade Mark Registry | mporary Registration rmanent Registration after establishmentgistration for subsidy for state level and central level gistration for Sales Tax No. forExcise for state and interstatetransaction |
|  |  |  |

##  Management Principles:

**Definition of Management:**

## Management is a process of planning, decision making, organizing, leading, motivation and controlling the human resources, financial, physical, and information resources of an organization to reach its goals efficiently and effectively.

 **Principles of Management**

It was the reality of Fayol's day-to-day managing, seeing what worked and what didn't, that informed his 14 Principles of Management. By focusing on administrative over technical skills, the Principles are some of the earliest examples of treating management as a profession. They are:

1. **Division of Work** – Assign each employee a task that they can become proficient at. Productivity increases as employees become more skilled, assured and efficient. Today, experts still warn against [**multi-tasking**](https://www.mindtools.com/community/ExpertInterviews/DaveCrenshaw.php) .
2. **Authority** – Managers must possess the authority to give orders, and recognize that with authority comes responsibility. As well as rank, Fayol argues that a manager's intelligence, experience and values should command respect.
3. **Discipline** – Everyone should [**follow the rules**](https://www.mindtools.com/pages/article/newTMM_69.htm) . To help, you can make agreements between the organization and employees clear for all to see. [2]
4. **Unity of Command** – Fayol wrote that "an employee should receive orders from one supervisor only." Otherwise, authority, discipline, order, and stability are threatened.
5. **Unity of Direction** – Teams with the same objective should be working under the direction of one manager, using one plan. That, Fayol wrote, "is the condition essential to unity of action,

coordination of strength and focusing of effort."

* 1. **Collective Interest Over Individual Interest** – Individuals should pursue team interests over personal ones – including managers.
	2. **Remuneration** – Employee satisfaction depends on fair remuneration for everyone – financial and non-financial. Fayol said pay should be fair and reward "well-directed effort."
	3. **Centralization** – Balancing centralized decision making (from the top) with letting employees make decisions. Or as Fayol wrote, "A place for everyone and everyone in his place."
	4. **Scalar Chain** – Employees should know where they stand in the organization's hierarchy and who to speak to within a chain of command. Fayol suggested the now-familiar organization chart as a way for employees to see this structure clearly. [3]
	5. **Order** – Fayol wrote that, "The right man in the right place" forms an effective social order. He applied the same maxim to materials: right one, right place. Academics note that this principle pre-empted the [**Just in Time**](https://www.mindtools.com/pages/article/newSTR_78.htm)(JIT) strategy for efficient production. [4]
	6. **Equity** – Managers should be fair to all employees through a "combination of kindliness and justice." Only then will the team "carry out its duties with... devotion and loyalty."
	7. **Stability of Tenure of Personnel** – Organizations should [**minimize staff turnover**](https://www.mindtools.com/pages/article/job-embeddedness.htm)and role changes to maximize efficiency. If people are secure and good at their jobs, they are happier and more productive.
	8. **Initiative** – Employees should be encouraged to develop and carry out plans for improvement. As Fayol wrote, "At all levels of the organizational ladder, zeal and energy on the part of employees are augmented by initiative."
	9. **Esprit de Corps** – Organizations should strive to promote team spirit, unity, and morale.

 **Functions of Management**

While Fayol's 14 Principles look at the detail of day-to-day management, his Five Functions of Management provide the big picture of how managers should spend their time. They are:

1. **Planning** – the need "to assess the future and make provision for it." That includes a flexible action plan that considers a firm's resources, work in progress, and future market trends.
2. **Organizing** – laying out lines of authority and responsibility for employees. This covers recruitment and training, coordinating activities, and making employees' duties clear.
3. **Commanding** – getting the most from people. So, managers must know their employees' skills, delegate to tap into these skill sets, and set a good example.
4. **Coordinating** – in a well-coordinated organization, departments know their responsibilities, the needs of other teams, and their obligations to them.
5. **Controlling** – continually checking that rules, plans and processes are working as well as they

should be.

**Levels of Management**

The term “**Levels of Management**’ refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

## Top level / Administrative level

1. **Middle level / Executory**

## Low level / Supervisory / Operative / First-line managers

Managers at all these levels perform different functions. The role of managers at all the three levels is discussed below:



1. Top Level of Management

## LEVELS OF MANAGEMENT

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows -

* 1. Top management lays down the objectives and broad policies of the enterprise.
	2. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
	3. It prepares strategic plans & policies for the enterprise.
	4. It appoints the executive for middle level i.e. departmental managers.
	5. It controls & coordinates the activities of all the departments.
	6. It is also responsible for maintaining a contact with the outside world.
	7. It provides guidance and direction.
	8. The top management is also responsible towards the shareholders for the performance of the enterprise.
1. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of

management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

* 1. They execute the plans of the organization in accordance with the policies and directives of the top management.
	2. They make plans for the sub-units of the organization.
	3. They participate in employment & training of lower level management.
	4. They interpret and explain policies from top level management to lower level.
	5. They are responsible for coordinating the activities within the division or department.
	6. It also sends important reports and other important data to top level management.
	7. They evaluate performance of junior managers.
	8. They are also responsible for inspiring lower level managers towards better performance.
1. Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management. Their activities include -

* 1. Assigning of jobs and tasks to various workers.
	2. They guide and instruct workers for day to day activities.
	3. They are responsible for the quality as well as quantity of production.
	4. They are also entrusted with the responsibility of maintaining good relation in the organization.
	5. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
	6. They help to solve the grievances of the workers.
	7. They supervise & guide the sub-ordinates.
	8. They are responsible for providing training to the workers.
	9. They arrange necessary materials, machines, tools etc for getting the things done.
	10. They prepare periodical reports about the performance of the workers.
	11. They ensure discipline in the enterprise.
	12. They motivate workers.
	13. They are the image builders of the enterprise because they are in direct contact with the workers.

## Project Report Preparation

Project report helps to understand the opportunities, problems and weakness of the business. It guides the entrepreneur in actually starting up and running the business venture. It helps him to monitor whether the business is growing as was projected in the business plan or not. It helps in documenting the cost estimates of the business. It can be used as a handy tool to persuade investors and financial institution to fund the project. It can help in proper utilization of all the resources. It can keep the morale of employees, owners and investors up. It can finally lead to a sustainable development of the organization.

## Essentials Of A Project Report

1. The project report should be sequentially arranged.
2. The project report should be exhaustive (covering all the details about the proposed project)
3. The project report should not be very lengthy and subjective
4. The project report should logically and objectively explain the projections.
5. The projections should be appropriately be made from two to ten years.
6. The project report should be professionally made to exhibit that the promotershave entrepreneurial acumen and sound experience.
7. The project report should justify the financial needs and financial projections
8. The project report should also justify market prospects and demands.
9. The project report should be attractive to the financial agencies and investors.
10. The project report should also have a high aesthetic value.

## Preparing a Project ReportI Cover Sheet

Cover sheet is like the Cover page of the book. It mentions the name of the project, Address of the head quarter (if any) and name & address of the Promoters

## Table of Contents

Again the table of content is like the table of content of a book, it guides the person reviewing the project locate to the desired section quickly. A good methodology would be to divide the project report into sections and number or label the sections like 1, 2, 3 or

I, II, III or A, B, C and the divide each section into subsections by using numerals after the decimal like 1.1, 1.2, 1.3 or I-1, II-2, III-3 or A-a, B-b, C-c. No matter which method is used for classification once a method is picked up the entire report should uniformly adopt the same procedure.

## Executive Summary

Executive summary is the first impression about the business proposal. As the saying goes that first impression is the last impression, careful presentation of information should be done to attract the attention of the evaluators. It should be in brief (not more than two or three pages) yet it should have all the factual details about the project that can improve its marketability. It should briefly describe the company; mention some financial figures and some salient features of the project. Generating interest in the mind of the readers is the prime motive of the executive summary.

## The Business

This will give details about the business concept. It will discuss the objective of the business, a brief history about the past performance of the company (if it is an old company), what would be the form of ownership (whether it would be a single proprietor,

partnership, co-operative society or a company under the company law). It would also label the address of the proposed headquarter.

## Funding Requirement

Since the investors and financial institutions are one of the key bodies examining the project report and it is one of the primary objectives of preparing the project report, a careful well- planned funding requirement should be documented and how theserequirements would be fulfilled should be projected. Debt equity ratio should be prepared which can give an indication about how much finance would the company require andhow would it like to fund the project.

## The Product Or Services

A brief description of product/ services is given in this subsection. It includes the key features of the product, the product range that would be provided to the customers and the advantages that the product holds over and above the similar products/ substitute products available in market. It also gives details about the patents, trademarks, copyrights, franchises, and licensing agreements

## The Plan

Now the functional plans for Marketing, Finance, Human Resource and Operation are to be drawn

1. **Marketing Plan**: Marketing mix strategies are to be drawn based on the market research. The market research will provide information about the following parameters:

i) Market Demography like profiles of customers and end-users; preferences and needs ofthe customers ii) Strengths and weaknesses of competitors iii) SWOT analysis of the market. A thorough market research is the backbone of success and failure of any product in the market. Based on the information collected through Market Research, Marketingmix strategies for product/ services, Price, promotion and distribution are presented

meticulously and reasons are displayed in relation to why the targeted market is so attractive? And how can the market provide gains to the organization? What marketing strategies would ultimately lead to the success of the organization? The budgets for the marketing plan are drawn at the end.

1. **Operational Plan:** The operational plan would give information about i) Plant Location: why was a particular location chosen: Is it in the vicinity of market, suppliers, labour or does it have an advantage of government subsidizes for that particular locationor are their any other specific reasons for choosing the particular location. ii) Plant layout is also at times mentioned in the project report to provide pattern of arrangement of the organization and would indicate the exhaustive planning for the business iii) Plan for Material requirements, inventory management and quality control are also drawn foridentifying further costs and intricacies of the business. Finally the budget for operational plan is also drawn.
2. **Organizational Plan:** The organizational plan indicates the pattern of flow of responsibilities & duties amongst people in the organization, it provides details about the board of directors, it can also enlist the manpower plan that would be required toput life to the company and it would also enlist the details about the laws that wouldbe governed in managing the employees of the organization. In the end the Organizational plan is also budgeted.
3. **Financial Plan**: The financial plan is usually drawn for Two-Five years for an existing company, a summary of previous financial data is given whereas for a new organization following projections are drawn
	* Projected Sales
	* Projected Income and Expenditure Statement
	* Projected Break Even Point
	* Projected Profit & Loss Statement
	* Projected Balance Sheet
	* Projected Cash Flows
	* Projected Funds Flow
	* Projected ratios
4. **Critical Risks:** The investors are interested in knowing the tentative risks to evaluate the viability of the project and to measure the risks involved in the business. This can further give confidence to the investors as they can calculate the risks involvedin the business from their perspectives as well.
5. **Exit Strategy:** The exit strategies would provide details about how would the organization be dissolved, what would be the share of each stakeholders in case of winding-up of the organization. It further helps in measuring the risks involved in investing.
6. **Appendix:** The appendix can provide information about the Curriculum Vitae ofthe owners, Ownership Agreement, Certificate from pollution board, Memorandum Of Understanding, Article Of Association and all the supporting agreements/ documents that can help in marketing the project viability at large.

## Format of A Project Report

1. Cover Sheet (name of company, address, promoters)
2. Table of Contents
3. Executive Summary (2-3 pages)
4. The Business
	1. Objective for setting up business
	2. Brief History of past performance (if any.)
	3. Form of ownership
	4. Name, Qualification of the owners
	5. Proposed / actual head quarter
	6. Proposed/ actual capital structure
5. The Funding Requirements
	1. Debt
	2. Equity
6. The Product / Service
	1. Description of product/ service
	2. Comparative analysis with similar products/ substitute products
	3. Patents, trademarks, copyrights, franchises, and licensing agreements
7. The Plan
8. Marketing plan
	* Market Demography like profiles of customers and end-users; preferences and needs
	* Strengths and weaknesses of competitors
	* SWOT Analysis of the market
	* Marketing Mix Strategy
		+ Product Mix Strategy
		+ Promotion Mix Strategy
		+ Pricing Mix Strategy
		+ Distribution Mix Strategy
9. Operational Plan
10. Plant Location
11. Plant Layout
12. Material Requirement
13. Inventory Management
14. Quality Control
15. Organizational Plan
	* Organizational Chart
	* Details About the Board Of Directors
	* Manpower Planning
	* Legal Aspects of Labour
16. Financial Plan For Two-Five years
	* For existing companies, a summary of previous financial data
	* Projected Sales
	* Projected Income and Expenditure Statement
	* Projected Break Even Point
	* Projected Profit & Loss Statement
	* Projected Balance Sheet
	* Projected Cash Flows
	* Projected Funds Flow
	* Projected ratios
17. Critical Risks VII Exit Strategy VIII Appendix
	1. Curriculum Vitae of the owners
	2. Ownership Agreement
	3. Certificate from pollution board
	4. Memorandum Of Understanding
	5. Article Of Association

## Sample Project Report

Project Report on ‘Tea cafe’ Name Of The Organization

## Chai

Owners

## Alam & Saurabh Malhotra

Prepared By Shikha Sahai

C 851, Sector C Mahanagar Lucknow

1. Table of Contents Executive Summary The Business

The objectiveBrief History Form of Ownership

Name, Qualification of the owners Proposed Headquarter

Funding Requirement Debt

Equity The Market

Description of product Comparative Analysis Licensing Agreement

The Plan

Marketing Plan Operational Plan Organizational Plan Financial Plan

The Appendix

### Executive Summary

India is the largest producer and consumer of tea. This is where the Opportunity lies! Chai is the oldest tea trader in the state of Uttar Pradesh. We are catering to tea loverswith Darjeeling Tea, Sikkim Tea, Niligiri Tea & Assam tea since 1929. Chai offers world's finest teas in more than 100 varieties. We are at present trading in UP and some cities of Maharastra & Rajasthan. In the business plan proposed we intend to enter a new Business

– the fast-food joints. The fast food culture is on rise amongst teenagers, working professionals and public at large. The reasons are simple – the adaptation of western culture, rising income and the simplicity of arranging for any kind of meeting; beit business or social. In the business plan proposed below Chai café wants to enter into a highly competitive market of fast food and coffee café. But there is no single food joint offering tea as a specialty that would act as a USP for the company. The market offers tremendous opportunities. A market survey and estimations have revealed that the potential market is as large as 70,000 customers. The financial projections have been conservative based on assumption that even if acceptability is by only 1% of the total market, (which is quite conservative), markets display a handsome profit of 25%, whichis very promising and motivating for the owners.

Both the owners are well educated, talented and motivated. They vision creating chains of similar fast-food centers in the whole country. Since this is their nascent project individually they are seeking loans from banks. Though they are new into the business they are supported by their fathers who have sound 35 years of experience in business.

### The Business

Objective: To provide high quality & variety of tea and fast food in the state of UP Form of ownership: Partnership Firm

Name, Qualification of the owners: Owner 1: Alam Educational Qualification: M. Com

Owner 2: Saurabh malhotra Educational Qualification: MBA

Proposed head quarter: Kapoorthala, Lucknow

### V The Funding Requirements

1. Debt: The debts would be borrowed from family members, on which no interest rates would be charged. A loan would be requested from banks and other funding agencies
2. Equity: No equity funds.

### VII The Product / Service

1. Description of product: The product offered to the market will be ‘Tea & Accompanying Snacks’.
2. Comparative analysis with similar products/ substitute products: there are more than 69 coffee house cum snack bar in the city of lucknow but there is no food joint that offers variety of tea
3. Licensing agreements have been obtained from the Lucknow development authority.

***VI The Plan***

## Marketing plan

* Market Summary: ‘Chai’ Chai has entered a mature market, which is highly competitive. There are 69 coffee houses in the city of lucknow but ‘chai café’ would be offering 100 variety of Indian tea and coffee plus bakery products.
* Market Demography: The Potential customers can be divided into following broad categories:
1. School/ College going students
2. Working professionals
3. Senior Citizens
* Market Research

A market research on 100 correspondents evenly distributed amongstthe demography discussed above revealed following results:

* 1. 89% correspondents visit fast food centers/ coffee houses in at least once a week
	2. 70% correspondents visit thrice a week
	3. 76% correspondents order for some snacks along with tea/ coffee/cold drink

Strengths

* 1. More than 8000 individuals pass the way (where the tea café is proposed)
	+ SWOT Analysis of the market: SWOT analysis provides us with an opportunity to examine internal strengths & weakness and external opportunities & threats.

- Tea at ‘Chai café’ is of premium quality and is in the market

for more than 100 years

* More than 100 variants of tea are available with ‘Chai Café’
* Employees at chai are highly dedicated, loyal and understandthe tase of customers of Lucknow.

Weakness

- Inadequate finance to start an independent café.

Opportunity

* + Market is growing at the rate of 20%
	+ Lucknow is becoming hub of all the major business centers
	+ Middle class is growing at the rate of 27%

Threat

* + - There is lot of political interference in Lucknow
		- Market is already saturated with 69 café in the city
		- Emergence and preference of multiplex culture.
* Marketing Mix Strategy

- Marketing Objective:

* + 1. To grow sales by 10% every year
		2. Diversify services
		3. Build customer loyalty
* Market Segmentation: potential customers can be segmented into Students, working professional and senior citizens.
* Target market: All the segments would be targeted
* Market Positioning: The café would be positioned as ‘ A food joint that specializes in tea and provides sumptuous snacks for all age groups. High quality products and customer centric services would be our priority.
* Product Mix Strategy
	+ - 1. 100 floavour of tea
			2. Espresso Coffee and cold drinks
			3. 35 varieties of icecreams
			4. Bakery items like cake, pastries, pizza
			5. Home Delivery through Dial-an-order services
* Pricing Mix Strategy : leadership pricing to maintain its premium quality and brand equity
* Promotion Mix Strategy Promotion would be through
1. Radio advertisements on AIR FM and Radiocity
2. Through Pamphlets

## Facilities Plan/ Operational Plan

i. Plant Location

The location of chai café would be adjacent to CMS school, aliganj, lucknow. this location is ideal because it provides access to all the potential customers discussed in the market demography. Market research has given an indication that around 8000individuals pass this street everyday. There are about 2000 students in the adjacent school and more than 150 offices in the nearby aliganj area. Moreover lucknow university and IT college are 3 km from this place. The total no. students in them are more than 25,000. the population of Sector B Aliganj is approximately 30,000. Thus we have approx 70,000 potential customers. Initially the location would be leased at Rs 10,000 pm & with electricity, salaries, material cost the total cost per month would be Rs 30,000.

The equipments that would be required are Ice-cream machine, coffee maker, refrigerator, food display counter, computer and air conditioner

The layout would be a simple L-shaped selling counter with a seating capacity of 50 people at a time , storage space of food would also be required.

## Organizational Plan

It would be a partnership establishment. Saurabh and Alam would be the partners, with equal ownership in business. The duties and responsibilities of each would be as under:

Saurabh: Would be responsible for general administration. This would include all the administrative/ HR activities: recruitment, training, development, compensation, performance appraisal and everyday working.

Alam: Would be responsible for sales & marketing as well as financial accounting. He would make promotional efforts, monitor sales, maintain accounts, payroll, billing and payment of taxes.

## Financial Plan For Two-Five years

Start-Up Expenses

|  |  |  |
| --- | --- | --- |
| a) | Land & building (on lease) | Rs 10,000/- pm |
| b) | Furniture & Office equipment | Rs 25,000/- (fixed cost) |
| c) | Machinery, equipment & tool | Rs. 30,000/- (fixed cost) |
| d) | Raw material & Inventory | Rs 20,000/- (pm) |
| e) | Connection of power supply | Rs 5,000/- pm |
| f) | Advertising & Promotion | Rs 5,000/-pm |
| ***Budgeted Cost*** |  | ***3,00,000*** |
| ***operational cost*** | ***2,65,000*** |
| ***sales cost*** | ***5,000*** |
| ***personnel costs*** | ***30,000*** |
| ***Administrative Cost*** | ***50,000*** |
| ***Total Cost*** | ***3,50,000*** |
| ***Expected Sales*** | ***6,00,000*** |
| ***Gross Profit (Sales – Total Cost)*** | ***2,50,000*** |
| ***% Gross profit margin (gross profit/ Sales)*** | ***41.61%*** |
| **Proforma For Cash Flow Statement** |  |
| ***Sources Of Funds*** Mortgage LoanTerm Loan Personal FundsNet Income From Operations etc.Add |  |
| depreciation |  |
| **Total Sources Of Funds****Dispositions (Uses) Of Funds** |  |

Purchase of EquipmentInventory Loan repayment

### Total Dispositions (Uses) Of Funds Net Increase in working capital

Balance Sheet of XYZ as on 31.3.200…-

|  |  |  |  |
| --- | --- | --- | --- |
| Capital & liability | Amt. | Assets | Amt. |
| Capital |  | **Fixed Assets:** tangible |  |
| -Equity Share Capital |  | Land & building |  |
| -preference Share Capital |  | Leasehold |  |
| - General Reserves |  | Plant & Machinery |  |
| - Funds |  | Furniture & Fittings |  |
|  |  | Motor, van, lorry |  |
| ***Liabilities*** |  | **Fixed Assets:** Intangible |  |
| Long Term Liability |  | Goodwill |  |
| -Secured Loans (Public deposits,Long Term Loans) |  | Copyrights & trademarks Patents |  |
| -Unsecured Loans (Debentures,Bonds) |  | ***Fictitious Assets*** |  |
| ***Curent Liabilities*** |  | Underwriting Commission |  |
| -Trade Liabilities |  | Brokerage |  |

|  |  |  |  |
| --- | --- | --- | --- |
| - Bills Payable |  | Discount on issue of shares &debentures |  |
| -Creditors |  | Interest paid out of capital |  |
| -Provision for taxes |  | Development expenditure notadjusted |  |
| -dividend payable |  | Heavy advertisment expenses |  |
| -Overdraft |  | Preliminary expenses |  |
| -Short Term Loans from bank |  | Wasting assets |  |
| -deferred Revenue |  | ***Current Assets*** |  |
| -Advances from customer |  | Payment in advance/ prepaidexpenses |  |
| ***Contingent Liabilities*** |  | Closing Stock/ Stock in trade (RW+WIP+Finished Goods) |  |
| -Claims against the firmnotacknowledged asdebt |  | Sundry Debtors (including adjustments for bad debts 7 its reserves) |  |
| - Uncalled Liabilities on investmentin other companies |  | Bills receivable |  |
| - Arrears of fixed cumulativeDividends |  | Temporay Investments/ MarketableInvestments |  |
| - Liability on account of billdiscounted with bankers |  | Cash In Bank |  |
| -estimated amount of contracts remaining to be executed on capital account and not provided for |  | Cash in Hand |  |
|  |  | ***Contingent Assets*** |  |
|  |  | (e.g. wining of law suit) |  |

|  |  |  |  |
| --- | --- | --- | --- |
| Total |  | Total |  |

### Critical Risks

Following types of risks are involved

* 1. Excessive Political Interference
	2. Non-acceptability of the product & services

### Exit Strategy

If the proposed project does not run successfully we would wind it up and payback the loan by selling the machineries, equipments & tools, moreover we have enough financial backing from our ancestral property that in case we are not able to run the business profitably we would still be able to payback the loan by selling our ancestral property.

***V***

|  |  |  |
| --- | --- | --- |
| ***III*** | ***Appendix*** |  |
| ii. iii. iv.v. |  | Curriculum Vitae of the owners Ownership Agreement Certificate from pollution boardMemorandum Of Understanding |

## Preliminary Project Report

* The project *preliminary report* describes your progress so far. It should form the basis of your final report. The preliminary report should include:
* Problem: A clear description of the problem you are addressing. This should be more refined and persuasive than the version in your original proposal.
* Related work: A good summary and analysis of the work relevant to your project. Everything you describe should be related directly to your project:
	+ Why is it relevant? (Don't assume the reader can read your mind.)
	+ If it attempts to solve a similar problem, why is it not a satisfactory solution?
	+ What ideas in the other project can be applied to your project?
* If there is related work you have not yet studied, list that in the related work section along with your plans for learning about it.

**Proposed Solution:** Describe your idea for solving the problem. This need not yet be complete, but should include some specific ideas.

**Research Plan**: Describe clearly exactly what you will do.

**Evaluation Plan:** Describe how you will evaluate your work. This should include (possibly speculative) descriptions of specific sample programs you will use in yourevaluation.

**Schedule and Division of Labor:** Calendar showing specific milestones, when they willbe accomplished, and how the team will split up the work.

## Project status reports

Project status reports are accomplished to serve the following purposes;

* To keep an updated flow of information in relation to the project’s progress
* To immediately address issues and concerns that may come up at any point of the project’s implementation or duration
* To document reasons for changes and adjustments made to the original plan for the project
* To monitor fund utilization and to ensure that the project expenses are still within the budget
* To serve as a basis for decision-making and addressing problems
* To keep track of the team’s performance and individual contributions
* To act as a uniform procedure for communicating project development to the stakeholders.

**Smart Technology**

The word “SMART” refers to “self-monitoring, analysis, and reporting technology” [as](https://www.netlingo.com/word/smart-tech.php) [pointed out by Netlingo](https://www.netlingo.com/word/smart-tech.php).

It is a technology that uses artificial intelligence, machine learning, and big data analysis to provide cognitive awareness to objects that were in the past considered inanimate.

**Examples of Smart Technology**

**Smart technology can be divided into three different kinds:**

1. **Internet of Things (IoT) devices**

A network of devices that make use of sensors, chips, software, online connectivity, analytics, and applications to bring static physical objects to life. These devices create substantial value, and they are futuristic, scalable, and automated.

Some prominent examples include smart cities, smart homes, and smart factories.

1. **Smart Connected Devices**

Controlled via a remote and connected via the internet or Bluetooth, smart connected

devices can offer a customised experience but have to be handled given that they don’t adapt to the extent IoT devices do.

Smart security cameras, smart bulbs, and smartphones are some examples of smart connected devices.

1. **Smart Devices**

With limited automation, no need for internet connectivity, and programmable nature, smart devices, for instance, smart coffeemakers, provide certain personalised services at a particular time.

1

# Leadership

* 1. **Introduction**

Leadership is the ability to get desirable action, voluntarily and without force, from the followers. Success of a leader depends upon his qualities and characteristics. These characteristics are natural in some cases but there are many cases where these have been developedby constant effort.

Leadership is the process of influencing the subordinates so that they cooperate enthusiastically in the achievement of group goals.

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2

Definition

Leadership can be defined as the art of motivating a group of people towards achieving a common goal.

**OR** Leadership is the ability to convince others to achieve defined goals enthusiastically.

According to Keith Davis, “Leadership is the ability to persuade others to seek defined ob- jectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals.”

According to Rauch & Behling, “Leadership is defined as the process of influencing the activities of an organized group toward goal achievement”

* 1. **Characteristics of leadership**
1. Leadership is a process of influencing the group members.
2. Leadership is related to a situation.
3. Leadership is the function of motivating the people to strive willingly to attain orga- nizational objectives.
4. Leadership helps in attaining the common objectives.
5. Employees must be satisfied with the types of leadership provided.
	1. **Managership V/S Leadership**



* 1. **Importance of Leadership**

Leadership is an important function of management which helps to maximize efficiency and to achieve organizational goals. Importance of leadership can be justified with the help of following points:

2

* + 1. **Initiates action-** Leader is a person who starts the work by communicating the poli- cies and plans to the subordinates from where the work actually starts.
		2. **Motivation-** A leader proves to be playing an incentive role in the concern’s working. He motivates the employees with economic and non-economic rewards and thereby gets the work from the subordinates.
		3. **Providing guidance-** A leader has to not only supervise but also play a guiding role for the subordinates. Guidance here means instructing the subordinates the way they have to perform their work effectively and efficiently.
		4. **Creating confidence-** Confidence is an important factor which can be achieved through expressing the work efforts to the subordinates, explaining them clearly their role and giving them guidelines to achieve the goals effectively. It is also important to hear the employees with regards to their complaints and problems.
		5. **Building morale**- Morale denotes willing co-operation of the employees towards their work and getting them into confidence and winning their trust. A leader can be a morale booster by achieving full co-operation so that they perform with best of their abilities as they work to achieve goals.
		6. **Builds work environment-** Management is getting things done from people. An effi- cient work environment helps in sound and stable growth. Therefore, human relations should be kept into mind by a leader. He should have personal contacts with employ- ees and should listen to their problems and solve them. He should treat employees on humanitarian terms.
		7. **Co-ordination-** Co-ordination can be achieved through reconciling personal interests with organizational goals. This synchronization can be achieved through proper and effective co-ordination which should be primary motive of a leader.
	1. **Types of Leadership Style:**
1. **Authoritarian or Autocratic Leaders:** This type of leader drives their gang through command and by developing faith in their followers. Such leaders orders, assign duties and responsibilities without consulting the employees or caring for their opinion.
2. **Democratic or consultative leaders:** These leaders always work according to the wishes of their followers.
3. **Persuasive Leaders:** Such leaders influence their followers due to his personal con- tact, to join with him in getting things done. He gives directions personally and whole of the gang responds to his call, because they love and respect him and full confidence in him
4. **Functional leaders:** Such leaders lead because of their expert knowledge and win the confidence of their followers by their superior knowledge.
5. **Laissez faire leaders:** Laissez Faire Leaders does not lead, but leaves the group en- tirely to itself. Such leaders use very little power and give a high degree of indepen- dence in their working. These leaders are dependent on subordinates to set their own goals.

3

# Motivation

* 1. **Introduction**

Today management pays more attention towards motivation of employees. The main task of management is to direct the working force in such a way so that by their collective efforts objectives of the enterprise are achieved.

Motivation is derived from the word ‘motive’. A motive is an inner state that energizes, activates or moves and directs or channels behaviour towards goals. It is an important factor which encourages persons to give their best performance and helps in achieving enterprise goals. A strong positive motivation will boost the output of employees but a negative moti- vation will reduce their performance.

* 1. **Definition**

**Motivation** is psychological act which attracts the workers to do more work and instigates. If the workers are instigated, they will try to do more than the standard work and earn more for themselves which increases their living standards.

According to Chael J. Jucious, “Motivation is the act of stimulating someone or oneself to get a desired course of action, to push the right button to get the desired action”.

According to Dalton E. McFarlan, “The Concept of motivation is mainly psychological. It relates to those forces operating within the individual employee or subordinate which impel him to act or not active in a certain ways”.

According to William G. Scout, “Motivation means a process of stimulating people to action to accomplish desired goals”

* 1. **Maslow’s Theory of Motivation:-**

Abraham Maslow is a well-known psychologist. His, Theory of Motivation is based on hu- man needs. This theory is popular as “Need Hierarchy Theory.” This is one of the earliest and most popular models/theories of motivation. Maslow considered several needs to ex- plain human behaviour and proposed that these needs have a hierarchy, i.e. some needs are lower-order needs as compared to other higher-order needs.

He also proposed that unless the need at the lower level is satisfied, the higher-order need will not be operative. Once the lower order need is satisfied, it will no longer motivate the person. Maslow has proposed five main hierarchical levels of needs, as shown in the following figure *(see on page-05)*.

1. **Physiological needs:** These are important needs for sustaining human life. Food, wa- ter, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs are satisfied to a degree to maintain life, no other motivating factors can work.
2. **Security or Safety needs:** These are the needs to be free from the physical dangers such as the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

4



1. **Social needs:** Since people are social beings, they look for social acceptance. People try to satisfy their social needs like affection, acceptance, belongingness and friend- ship
2. **Esteem needs:** According to Maslow, once people begin to satisfy their social needs, they want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige, status and self-confidence. It includes both internal esteem factors like self-respect, autonomy, achievements, and external esteem factors such as status, recognition and attention
3. **Need for self-actualization:** Maslow regards this as the highest need in his hierar- chy. It is the drive to become what one is capable of becoming; it includes growth, achieving one’s potential and self-fulfillment. It is to maximize one’s potential and to accomplish something
	1. **Some Other theory of motivations**
		1. Douglas McGregor Theory X and Theory Y:

Douglas McGregor proposed two different motivational theories which are popularly known as ‘Theory X’ and ‘Theory Y’.

**X-Theory (Traditional Theory):** This theory is based on traditional views, in which man- agement or authority does not trust the labour and use restraining policies so that labour will be unable to act against him. Management considers that work could be extracted fromlabour through fear, strict, discipline, and rebukes, their cooperation should not be taken in management.

**Y-Theory (Modern Theory)**: This theory is quite opposite to “X-Theory”. In this, labour is assumed to be partner in the management and what all they are working is with the coop- eration of labour management.

5

* + 1. Theory-Z (A Hybrid Model):

**William Quchi** after making a comparative study of American and Japanese management practices, suggested the adaptation of theory-Z, which represents an integration of American and Japanese management practices.



* + 1. ERG Theory (Existence, Relatedness and Growth):

The ERG need theory, developed by *Clayton Alerter*, is a refinement of Maslow’s needs hierarchy. Instead of Maslow’s five needs, ERG theory condenses these five needs into three needs. These three needs are those of Existence, Relatedness and Growth.

* + 1. Herzberg’s Motivation – Hygiene Theory:

Fredrick Herzberg and his associates developed the “Motivation Hygiene Theory”, com- monly known as the “Two Factor Theory”. Herzberg advocated that there are certain factors that tend to be consistently related to job satisfaction and on the other hand, there are some factors, which are consistently related to job dissatisfaction.

* + 1. Mc Cleland’s Theory of Needs:

Harvard psychologist David McClelland used the Thematic Aptitude Test (TAT) to measure people in three dimensions: the need for power, achievement, and affiliation. Individuals with a high need for power take actions that affect other peoples’ behaviour and arouse strong emotions in them. The need for power can be revealed in socially acceptable ways (demonstrating a socialized power orientation) or in selfish ways (a personalized power orientation).

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# Conclusion

During this session, we have discussed about the leadership, motivation and Maslow’s The- ory of Motivation. Apart from the above some other theories of motivation has also been discussed briefly. In the next lecture, safety management would be discussed.

# Questions for Self-Assessment

1. Define the term “Leadership”.
2. Define the term “Motivation”
3. Differentiate the Managership and Leadership
4. Describe the types of training.
5. List the theories of Motivation.
6. Describes the theories of motivation.
7. Explain the Maslow’s theory of Motivation.
8. ” Motivation is a psychological concept” discuss.

**Glossary**

**Ability:** A person’s talent for performing goal related tasks.

**Esteem needs:** They relate to self-confidence, independence, achievement, competence, initiatives, success, etc.

**Extrinsic Motivation:** It refers to the incentives which are external to the job, such as salary, fringe benefits, etc.

**Intrinsic Motivation:** It refers to incentives internal to the job and provides satisfaction during the performance of work itself.

**Motivation:** The set of forces –acting on or within a person-that energize, direct and sustain behavior.

**Need:** A deficiency that a person experiences at a particular time.

**Negative Motivation:** It refers to the process of influencing employees’ behavior through fear of losing job or losing promotion.

**Positive Motivation:** It refers to the process of influencing employees’ behavior through the possibility of reward.

**Safety needs:** These needs relate to job security, physical security, income security, etc.

**Self-actualization:** The drive to become what one is capable of becoming.

**Social needs**: These relate to need for social incentive, relatedness, companionship, belong- ingness, etc.

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# References

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