ENTREPRENUERSHIP & MANAGEMENT & SMART TECHNOLOGY

5th Semester

Diploma Engineering

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UNIT-2	MARKET SURVEY & OPPURTUNITY IDENTIFICATION
UNIT-3	PROJECT REPORT PREPARATION
UNIT-4	MANAGEMENT PRINCIPLES
UNIT-5	FUNCTIONAL AREAS OF MANAGEMENT
UNIT-6	LEADERSHIP & MOTIVATION
UNIT -7	WORK CULTURE ,TQM & SAFETY
UNIT -8	LEGISLATION
UNIT-9	SMART TECHNOLOGY

Entrepreneurship

1.

Concept /Meaning of Entrepreneurship Need of Entrepreneurship Characteristics, Qualities and Types of entrepreneur, Functions Barriers in entrepreneurship Entrepreneurs vrs. Manager Forms of Business Ownership: Sole proprietorship, partnership forms and others Types of Industries, Concept of Start-ups Entrepreneurial support agencies at National, State, District Level(Sources): DIC, NSIC,OSIC, SIDBI, NABARD, Commercial Banks, KVIC etc. Technology Business Incubators (TBI) and Science and Technology Entrepreneur Parks

Market Survey and Opportunity Identification (Business Planning) 2.

Business Planning SSI, Ancillary Units, Tiny Units, Service sector Units Time schedule Plan, Agencies to be contacted for Project Implementation Assessment of Demand and supply and Potential areas of Growth Identifying Business Opportunity Final Product selection

3. **Project report Preparation**

Preliminary project report Detailed project report, Techno economic Feasibility Project Viability

4. **Management Principles**

Definitions of management Principles of management Functions of management (planning, organising, staffing, directing and controlling etc.) Level of Management in an Organisation

Functional Areas of Management 5.

Production management Functions, Activities Productivity Quality control Production Planning and control Inventory Management Need for Inventory management Models/Techniques of Inventory management Financial Management Functions of Financial management Management of Working capital Costing (only concept) Break even Analysis Brief idea about Accounting Terminologies: Book Keeping, Journal entry, Petty Cash book, P&L Accounts, Balance Sheets(only Concepts)

Marketing Management

Concept of Marketing and Marketing Management Marketing Techniques (only concepts) Concept of 4P s (Price, Place, Product, Promotion)

Human Resource Management

Functions of Personnel Management

Manpower Planning, Recruitment, Sources of manpower, Selection process, Method of Testing, Methods of Training & Development, Payment of Wages

6. Leadership and Motivation

Leadership

Definition and Need/Importance Qualities and functions of a leader Manager Vs Leader Style of Leadership (Autocratic, Democratic, Participative) Motivation Definition and characteristics Importance of motivation Factors affecting motivation Theories of motivation (Maslow) Methods of Improving Motivation Importance of Communication in Business Types and Barriers of Communication

7. Work Culture, TQM & Safety

Human relationship and Performance in Organization Relations with Peers, Superiors and Subordinates TQM concepts: Quality Policy, Quality Management, Quality system Accidents and Safety, Cause, preventive measures, General Safety Rules, Personal Protection Equipment(PPE)

8. Legislation

- i Intellectual Property Rights(IPR), Patents, Trademarks, Copyrights
- i. Features of Factories Act 1948 with Amendment (only salient points)
- i Features of Payment of Wages Act 1936 (only salient points)

9. Smart Technology

- Concept of IOT, How IOT works
- Components of IOT, Characteristics of IOT, Categories of IOT
- Applications of IOT- Smart Cities, Smart Transportation, Smart Home, Smart Healthcare, Smart Industry, Smart Agriculture, Smart Energy Management etc.

Syllabus to be covered before IA: Chapter 1,2,3,4

RECOMMENDED BOOKS

- 1. Entrepreneurship Development and Management by R.K Singhal, Katson Books., New Delhi
- 2. Entrepreneurship Development and Management by U Saroj and V Mahendiratta, Abhishek Publications, Chandigarh
- 3. Entrepreneurship Development and Management by Vasant Desai, Himalaya Pub.House
- 4. Industrial Engineering and Management by O.P Khanna , Dhanpat Rai and Sons
- 5. Industrial Engineering and Management by Banga and Sharma, Khanna Publications
- 6. Internet of Things by Jeeva Jose, Khanna Publications, New Delhi
- 7. Online Resource on Startups and other concepts

UNIT-I

ENTREPRENEUR

An entrepreneur is an individual who, rather than working as an employee, founds and runs a small business, assuming all the risks and rewards of the venture. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business/or procedures.

DEFINITION

The textbook definition of *entrepreneur* speaks to that classic perception. Consider, for example, Merriam-Webster's definition that explains entrepreneur as "one who organizes, manages, and assumes the risks of a business or enterprise."

ENTREPRENEURSHIP

Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs.

DEFINITION

Entrepreneurship is both the study of how new businesses are created as well as the actual process of starting a new business – the term is used interchangeably. An entrepreneur is someone who has an idea and who works to create a product or service that people will buy, by building an organization to support those sales.

IMPORTANCE OF ENTREPRENEURSHIP

The importances of entrepreneurship are;

- 1. Growth of Entrepreneurship.
- 2. Innovation.
- 3. Impact on community development.
- 4. The consequence of business failure.
- 5. Political and economic integration of outsiders.
- 6. Spawns entrepreneurship.
- 7. Enhances standard of living.
- 8. Promotes research and development.

6. Growth of Entrepreneurship

Entrepreneurship the advent of new venture particularly small ventures in order to materialize the innovative ideas of the entrepreneurs.

Thus, the growth or establishment of small enterprises ii the specific contribution of entrepreneurship in every economy of the world.

The statistics reveal that in USA economy nearly half a million small enterprise is established every year. Our country is not an exception in this regard.

7. Creation of job opportunities

Entrepreneurship firms contributed a large share of new jobs. It provides entry-level jobs so necessary fur training or gaining experience for unskilled workers.

The small enterprises are the only sector that generates a large portion of total employment every year.

Moreover, entrepreneurial ventures prepare and supply experienced labor to the large industries.

8. Innovation

Entrepreneurship is the incubator of the innovation. Innovation creates disequilibria in the present state of order.

It goes beyond discovery and does implementation and commercialization, of innovations.

"Leapfrog" innovation, research, and development are being contributed by entrepreneurship.

Thus, entrepreneurship nurses innovation that provides new ventures, product, technology, market, quality of good etc. to the economy that increases Gross Domestic Products and standard of living of the people.

9. Impact on community development

A community is better off if its employment base is diversified among many small entrepreneurial firms.

It promotes abundant retail facilities, a higher level of home ownership, fewer slums, better, sanitation standards and higher expenditure on education, recreation, and religious activities.

Thus, entrepreneurship leads to more stability and a higher quality of community life.

10. The consequence of business failure

The collapse of large industry almost has irresistible damage to the development of state and to the state of the economy and to the financial condition of the relevant persons. The incumbents lost their jobs: suppliers and financial institutions face a crisis of recovery.

Customers are deprived of goods, services, and the government losses taxes. This could not happen in the case of failure of entrepreneurship.

There shall be no measurable effect upon the economy and no political repercussions too.

11. Political and economic integration of outsiders

Entrepreneurship is the most effective way of integrating those who feel disposed and alienated into the economy.

Minorities, migrants, and women are safely integrated into entrepreneurship that will help to develop a well-composed plural society.

12. Spawns entrepreneurship

Entrepreneurship is the nursing ground for new inexperienced adventurists.

It is the field where a person can start his/her idea of the venture, which may be ended up in a giant enterprise. All the large industrial ventures started as a small entrepreneurial enterprise.

Therefore, entrepreneurship provides a wide spectrum of ventures and entrepreneurs in every economy. The vast open arena of entrepreneurship thus acts as an incubator to entrepreneurs.

10. Enhances standard of living

Standard of living is a concept built on increasing amount of consumption of a variety of goods and services over a particular period by a household.

So it depends on the availability of diversified products in the market. Entrepreneurship provides enormous kinds of a product of various natures by their innovation.

Besides, it increases the income of the people who are employed in the entrepreneurial enterprises.

Those also capable employed persons to consume more goods and services. In effect, entrepreneurship enhances the standard of living of the people of a country.

11. Promotes research and development

Entrepreneurship is innovation and hence the innovated ideas of goods and services have to be tested by experimentation.

Therefore, entrepreneurship provides funds for research and development with universities and research institutions. This promotes the general development, research, and development in the economy.

Entrepreneurship is the pioneering zeal that provides events in our civilization.

We are indebted to it for having prosperity in every arena of human life- economic, technological and cultural.

QUALITIES OF AN ENTREPRENEUR

1. Disciplined

These individuals are focused on making their businesses work, and eliminate any hindrances or distractions to their goals. They have overarching strategies and outline the tactics to accomplish them. Successful entrepreneurs are disciplined enough to take steps every day toward the achievement of their objectives.

2. Confidence

The entrepreneur does not ask questions about whether they can succeed or whether they are worthy of success. They are confident with the knowledge that they will make their businesses succeed. They exude that confidence in everything they do.

3. Open Minded

Entrepreneurs realize that every event and situation is a business opportunity. Ideas are constantly being generated about workflows and efficiency, people skills and potential new businesses. They have the ability to look at everything around them and focus it toward their goals.

4. Self Starter

Entrepreneurs know that if something needs to be done, they should start it themselves. They set the parameters and make sure that projects follow that path. They are proactive, not waiting for someone to give them permission.

5. Competitive

Many companies are formed because an entrepreneur knows that they can do a job better than another. They need to win at the sports they play and need to win at the businesses that they create. An entrepreneur will highlight their own company's track record of success.

6. Creativity

One facet of creativity is being able to make connections between seemingly unrelated events or situations. Entrepreneurs often come up with solutions which are the synthesis of other items. They will repurpose products to market them to new industries.

7. Determination

Entrepreneurs are not thwarted by their defeats. They look at defeat as an opportunity for success. They are determined to make all of their endeavors succeed, so will try and try again until it does. Successful entrepreneurs do not believe that something cannot be done.

8. Strong people skills

The entrepreneur has strong communication skills to sell the product and motivate employees. Most successful entrepreneurs know how to motivate their employees so the business grows overall. They are very good at highlighting the benefits of any situation and coaching others to their success.

9. Strong work ethic

The successful entrepreneur will often be the first person to arrive at the office and the last one to leave. They will come in on their days off to make sure that an outcome meets their expectations. Their mind is constantly on their work, whether they are in or out of the workplace.

10. Passion

Passion is the most important trait of the successful entrepreneur. They genuinely love their work. They are willing to put in those extra hours to make the business succeed because there is a joy their business gives which goes beyond the money. The successful entrepreneur will always be reading and researching ways to make the business better.

FUNCTIONS OF AN ENTREPRENEUR

1. Decision Making:

The primary task of an entrepreneur is to decide the policy of production. An entrepreneur is to determine what to produce, how much to produce, how to produce, where to produce, how to sell and' so forth. Moreover, he is to decide the scale of production and the proportion in which he combines the different factors he employs. In brief, he is to make vital business decisions relating to the purchase of productive factors and to the sale of the finished goods or services.

2. Management Control:

Earlier writers used to consider the management control one of the chief functions of the entrepreneur. Management and control of the business are conducted by the entrepreneur himself. So, the latter must possess a high degree of management ability to select the right type of persons to work with him. But, the importance of this function has declined, as business nowadays is managed more and more by paid managers.

3. Division of Income:

The next major function of the entrepreneur is to make necessary arrangement for the division of total income among the different factors of production employed by him. Even if there is a loss in the business, he is to pay rent, interest, wages and other contractual incomes out of the realised sale proceeds.

4. Risk-Taking and Uncertainty-Bearing:

Risk-taking is perhaps the most important function of an entrepreneur. Modern production is very risky as an entrepreneur is required to produce goods or services in anticipation of their future demand.

Broadly, there are two kinds of risk which he has to face. Firstly, there are some risks, such as risks of fire, loss of goods in transit, theft, etc., which can be insured against. These are

known as measurable and insurable risks. Secondly, some risks, however, cannot be insured against because their probability cannot be calculated accurately. These constitute what is called uncertainty (e.g., competitive risk, technical risk, etc.). The entrepreneur undertakes both these risks in production.

5. Innovation:

Another distinguishing function of the entrepreneur, as emphasised by Schumpeter, is to make frequent inventions — invention of new products, new techniques and discovering new markets — to improve his competitive position, and to increase earnings.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

1. Wealth Creation and Sharing:

By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

2. Create Jobs:

Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *StartupIndia* to promote and support new startups, and also others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

3. Balanced Regional Development:

Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

4. GDP and Per Capita Income:

India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

5. Standard of Living:

Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

6. Exports:

Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cuttingedge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

7. Community Development:

Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

WOMEN ENTREPRENEURSHIP

Women entrepreneurship is the process where women organise all the factors of production, undertake risks, and provide employment to others. The definition of women entrepreneurship has never been differentiated on the basis of sex and hence could be extended to women entrepreneurs without any restrictions

Some of the problems faced by women entrepreneurs are as follows:

1. Problem of Finance:

Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts. Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited.

Secondly, the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business. Given such situation, women entrepreneurs are bound

to rely on their own savings, if any and loans from friends and relatives who are expectedly meager and negligible. Thus, women enterprises fail due to the shortage of finance.

2. Scarcity of Raw Material:

Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this are the high prices of raw material, on the one hand, and getting raw material at the minimum of discount, on the other. The failure of many women co-operatives in 1971 engaged in basket-making is an example how the scarcity of raw material sounds the death-knell of enterprises run by women (Gupta and Srinivasan 2009).

3. Stiff Competition:

Women entrepreneurs do not have organizational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.

4. Limited Mobility:

Unlike men, women mobility in India is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion. Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.

5. Family Ties:

In India, it is mainly a women's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business.

Support and approval of husbands seem necessary condition for women's entry into business. Accordingly, the educational level and family background of husbands positively influence women's entry into business activities.

6. Lack of Education:

In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates one type or other problems for women in the setting up and running of business enterprises.

7. Male-Dominated Society:

Male chauvinism is still the order of the day in India. The Constitution of India speaks of equality between sexes. But, in practice, women are looked upon as abla, i.e. weak in all respects. Women suffer from male reservations about a women's role, ability and capacity and are treated accordingly. In nutshell, in the male-dominated Indian society, women are not treated equal to men. This, in turn, serves as a barrier to women entry into business.

8. Low Risk-Bearing Ability:

Women in India lead a protected life. They are less educated and economically not selfdependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.

In addition to above problems, inadequate infrastructural facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.

UNIT-II

FACTORS AFFECTING ENTREPRENEURIAL GROWTH

Economic Factors

Economic environment exercises the most direct and immediate influence on entrepreneurship. This is likely because people become entrepreneurs due to necessity when there are no other jobs or because of opportunity.

The economic factors that affect the growth of entrepreneurship are the following:

1. Capital

Capital is one of the most important factors of production for the establishment of an enterprise. Increase in capital investment in viable projects results in increase in profits which help in accelerating the process of capital formation. Entrepreneurship activity too gets a boost with the easy availability of funds for investment.

Availability of capital facilitates for the entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. Capital is therefore, regarded as lubricant to the process of production.

France and Russia exemplify how the lack of capital for industrial pursuits impeded the process of entrepreneurship and an adequate supply of capital promoted it.

2. Labor

Easy availability of right type of workers also effect entrepreneurship. The quality rather than quantity of labor influences the emergence and growth of entrepreneurship. The problem of labor immobility can be solved by providing infrastructural facilities including efficient transportation.

The quality rather quantity of labor is another factor which influences the emergence of entrepreneurship. Most less developed countries are labor rich nations owing to a dense and even

increasing population. But entrepreneurship is encouraged if there is a mobile and flexible labor force. And, the potential advantages of low-cost labor are regulated by the deleterious effects of labor immobility. The considerations of economic and emotional security inhibit labor mobility. Entrepreneurs, therefore, often find difficulty to secure sufficient labor.

3. Raw Materials

The necessity of raw materials hardly needs any emphasis for establishing any industrial activity and its influence in the emergence of entrepreneurship. In the absence of raw materials, neither any enterprise can be established nor can an entrepreneur be emerged

It is one of the basic ingredients required for production. Shortage of raw material can adversely affect entrepreneurial environment. Without adequate supply of raw materials no industry can function properly and emergence of entrepreneurship to is adversely affected.

In fact, the supply of raw materials is not influenced by themselves but becomes influential depending upon other opportunity conditions. The more favorable these conditions are, the more likely is the raw material to have its influence of entrepreneurial emergence.

4. Market

The role and importance of market and marketing is very important for the growth of entrepreneurship. In modern competitive world no entrepreneur can think of surviving in the absence of latest knowledge about market and various marketing techniques. The fact remains that the potential of the market constitutes the major determinant of probable rewards from entrepreneurial function. Frankly speaking, if the proof of pudding lies in eating, the proof of all production lies in consumption, i.e., marketing.

The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in a market becomes more influential for entrepreneurship than a competitive market. However, the disadvantage of a competitive market can be cancelled to some extent by improvement in transportation system facilitating the movement of raw material and finished goods, and increasing the demand for producer goods.

5. Infrastructure

Expansion of entrepreneurship presupposes properly developed communication and transportation facilities. It not only helps to enlarge the market, but expand the horizons of business too. Take for instance, the establishment of post and telegraph system and construction of roads and highways in India. It helped considerable entrepreneurial activities which took place in the 1850s. Apart from the above factors, institutions like trade/ business associations, business schools, libraries, etc. also make valuable contribution towards promoting and sustaining entrepreneurship' in the economy. You can gather all the information you want from these bodies. They also act as a forum for communication and joint action.

Social Factors

Social factors can go a long way in encouraging entrepreneurship. In fact it was the highly helpful society that made the industrial revolution a glorious success in Europe. Strongly affect the entrepreneurial behavior, which contribute to entrepreneurial growth. The social setting in which the people grow, shapes their basic beliefs, values and norms.

The main components of social environment are as follows

1. Caste Factor

There are certain cultural practices and values in every society which influence the' actions of individuals. These practices and value have evolved over hundred of years. For instance, consider the caste system (the varna system) among the Hindus in India. It has divided the population on the basis of caste into four division. The Brahmana (priest), the Kshatriya (warrior), the Vaishya (trade) and the Shudra (artisan): It has also defined limits to the social mobility of individuals.

By social mobility' we mean the freedom to move from one caste to another. The caste system does not permit an individual who is born a Shridra to move to a higher caste. Thus, commercial activities were the monopoly of the Vaishyas. Members of the three other Hindu Varnas did not become interested in trade and commence, even when India had extensive commercial inter-relations with many foreign countries. Dominance of certain ethnical groups in entrepreneurship is a global phenomenon

2. Family Background

This factor includes size of family, type of family and economic status of family. In a study by Hadimani, it has been revealed that Zamindar family helped to gain access to political power and exhibit higher level of entrepreneurship.

Background of a family in manufacturing provided a source of industrial entrepreneurship. Occupational and social status of the family influenced mobility. There are certain circumstances where very few people would have to be venturesome. For example in a society where the joint family system is in vogue, those members of joint family who gain wealth by their hard work denied the opportunity to enjoy the fruits of their labor because they have to share their wealth with the other members of the family.

3. Education

Education enables one to understand the outside world and equips him with the basic knowledge and skills to deal with day-to-day problems. In any society, the system of education has a significant role to play in inculcating entrepreneurial values.

In India, the system of education prior to the 20th century was based on religion. In this rigid system, critical and questioning attitudes towards society were discouraged. The caste system and the resultant occupational structure were reinforced by such education. It promoted the idea that business is not a respectable occupation. Later, when the British came to our country, they introduced an education system, just to produce clerks and accountants for the East India Company, The base of such a system, as you can well see, is very anti-entrepreneurial.

Our educational methods have not changed much even today. The emphasis is till on preparing students for standard jobs, rather than marking them capable enough to stand on their feet.

4. Attitude of the Society

A related aspect to these is the attitude of the society towards entrepreneurship. Certain societies encourage innovations and novelties, and thus approve entrepreneurs' actions and rewards like profits. Certain others do not tolerate changes and in such circumstances, entrepreneurship cannot take root and grow. Similarly, some societies have an inherent dislike for any money-making activity. It is said, that in Russia, in the nineteenth century, the upper classes did not like entrepreneurs. For them, cultivating the land meant a good life. They believed that rand belongs to God and the produce of the land was nothing but god's blessing. Russian folk-tales, proverbs and songs during this period carried the message that making wealth through business was not right.

5. Cultural Value

Motives impel men to action. Entrepreneurial growth requires proper motives like profitmaking, acquisition of prestige and attainment of social status. Ambitious and talented men would take risks and innovate if these motives are strong. The strength of these motives depends upon the culture of the society. If the culture is economically or monetarily oriented, entrepreneurship would be applauded and praised; wealth accumulation as a way of life would be appreciated. In the less developed countries, people are not economically motivated. Monetary incentives have relatively less attraction. People have ample opportunities of attaining social distinction by non-economic pursuits. Men with organizational abilities are, therefore, not dragged into business. They use their talents for non-economic end.

Psychological Factors

Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate especially upon psychological factors. These are as follows :

1. Need Achievement

The most important psychological theories of entrepreneurship was put forward in the early) 960s by David McClelland. According to McClelland 'need achievement' is social motive

to excel that tends to characterise successful entrepreneurs, especially when reinforced by cultural factors. He found that certain kinds of people, especially those who became entrepreneurs, had this characteristic. Moreover, some societies tend to reproduce a larger percentage of people with high 'need achievement' than other societies. McClelland attributed this to sociological factors. Differences among societies and individuals accounted for 'need achievement' being greater in some societies and less in certain others.

The theory states that people with high need-achievement are distinctive in several ways. They like to take risks and these risks stimulate them to greater effort. The theory identifies the factors that produce such people. Initially McClelland attributed the role of parents, specially the mother, in mustering her son or daughter to be masterful and self-reliant. Later he put less emphasis on the parent-child relationship and gave more importance to social and cultural factors. He concluded that the 'need achievement' is conditioned more by social and cultural reinforcement rather than by parental influence and such related factors.

2. Withdrawal of Status Respect

There are several other researchers who have tried to understand the psychological roots of entrepreneurship. One such individual is Everett Hagen who stresses the-psychological consequences of social change. Hagen says, at some point many social groups experience a radical loss of status. Hagen attributed the withdrawal of status respect of a group to the genesis of entrepreneurship.

Hage believes that the initial condition leading to eventual entrepreneurial behavior is the loss of status by a group. He postulates that four types of events can produce status withdrawal:

- ii. The group may be displaced by force;
- iii. It may have its valued symbols denigrated;
- iii. It may drift into a situation of status inconsistency; and
- v. It may not be accepted the expected status on migration in a new society.

3. Motives

Other psychological theories of entrepreneurship stress the motives or goals of the entrepreneur. Cole is of the opinion that besides wealth, entrepreneurs seek power, prestige, security and service to society. Those points particularly to non-monetary aspects such as independence, persons' self-esteem, power and regard of the society.

On the same subject, Evans distinguishes motive by three kinds of entrepreneurs

- **12.** Managing entrepreneurs whose chief motive is security.
- 13. Innovating entrepreneurs, who are interested only in excitement.
- 14. Controlling entrepreneurs, who above all otter motives, want power and authority.

Finally, Rostow has examined inter gradational changes in the families of entrepreneurs. He believes that the first generation seeks wealth, the second prestige and the third art and beauty.

4. Others

Thomas Begley and David P. Boyd studied in detail the psychological roots of entrepreneurship in the mid-1980s. They came to the conclusion that entrepreneurial attitudes based on psychological considerations have five dimensions:

- 8. First came 'need-achievement' as described by McClelland. In all studies of successful entrepreneurs a high achievement orientation is invariably present.
- 9. The second dimension that Begley and Boyd call 'locus of control' This means that the entrepreneur follows the idea that he can control his own life and is not influenced by factors like luck, fate and so on. Need-achievement logically implies that people can control their own lives and are not influenced by external forces.
- 10. The third dimension is the willingness to take risks. These two researchers have come to the conclusion that entrepreneurs who take moderate risks earn higher returns on their assets than those who take no risks at all or who take extravagant risks.

- Tolerance is the next dimension of this study. Very few decisions are made with So all complete information. business executives must, have a certain amount of tolerance for ambiguity.
- 5. Finally, here is what psychologists call 'Type A' behavior. This is nothing but "a chronic, incessant struggle to achieve more and more in less and less of time" Entrepreneurs are characterize by the presence of 'Type A' behavior in all their endeavors.

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

Entrepreneurship Development Programmes: Meaning, Need and Objectives of EDP

Meaning:

As the term itself denotes, EDP is a programme meant to develop entrepreneurial abilities among the people. In other words, it refers to inculcation, development, and polishing of entrepreneurial skills into a person needed to establish and successfully run his / her enterprise. Thus, the concept of entrepreneurship development programme involves equipping a person with the required skills and knowledge needed for starting and running the enterprise.

Objectives of EDP:

The major objectives of the Entrepreneurship Development Programmes (EDPs) are to:

- a. Develop and strengthen the entrepreneurial quality, i.e. motivation or need for achievement.
- b. Analyze environmental set up relating to small industry and small business.
- c. Select the product.
- d. Formulate proposal for the product.
- e. Understand the process and procedure involved in setting up a small enterprise.
- f. Know the sources of help and support available for starting a small scale industry.
- g. Acquire the necessary managerial skills required to run a small-scale industry.

h. Know the pros and cons in becoming an entrepreneur.

i. Appreciate the needed entrepreneurial discipline.

j. Besides, some of the other important objectives of the EDPs are to:

k. Let the entrepreneur himself / herself set or reset objectives for his / her enterprise and strive for their realization.

1. Prepare him / her to accept the uncertainty in running a business.

m. Enable him / her to take decisions.

n. Enable to communicate clearly and effectively.

- o. Develop a broad vision about the business.
- p. Make him subscribe to the industrial democracy.
- q. Develop passion for integrity and honesty.
- r. Make him learn compliance with law.

Phase of Entrepreneurship Development Programme

Phase of Entrepreneurship Development Programme: Training Phase and Post-Training Phase!

Training Phase:

The main objective of this phase is to bring desirable change in the behaviour of the trainees. In other words, the purpose of training is to develop 'need for achievement', i.e. motivation among the trainees.

Accordingly, a trainer should see the following changes in the behaviour of the trainees:

a. Is he/she attitudinally tuned very much towards his/her proposed project idea?

b. Is the trainee motivated to plunge into entrepreneurial career and bear risks involved in it?

c. Is there any perceptible change in his entrepreneurial attitude, outlook, skill, role, etc.?

d. How should he/she behave like an entrepreneur?

e. What kinds of entrepreneurial traits the trainee lacks the most?

f. Whether the trainee possesses the knowledge of technology, resources and other knowledge related to entrepreneurship?

g. Does the trainee possess the required skill in selecting the viable project, mobilizing the required resources at the right time?

Some of the questions listed above also answer the basic underlying assumption in designing a suitable training programme for the potential entrepreneurs. Having trained the trainees, the trainers need to ask themselves as to how much, and how far the trainees have moved in their entrepreneurial pursuits.

Post-Training Phase (Follow-up):

The ultimate objective of Entrepreneurship Development Programme is to prepare the participants to start their enterprises. This phase, therefore, involves assessment to judge how far the objectives of the programme have been achieved. This is also called 'follow-up'. Follow-up indicates our past performance, drawbacks, if any, in our past work and suggests guidelines for framing future policies to improve our performance.

In nutshell, the purpose behind EDP follow-up is to:

a. Review the pre-training work;

b. Review the process of training programme; and

c. Review past training approach.

6 Inputs of Course Contents and Curriculum of EDPs

1. General Introduction to Entrepreneurship:

First of all, the participants are exposed to a general knowledge of entrepreneurship such as factors affecting small-scale industries, the role of entrepreneurs in economic development, entrepreneurial behaviour, and the facilities available for establishing small-scale enterprises.

2. Motivation Training:

The training inputs under this aim at inducing and developing the need for achievement among the participants. This is, in fact, a crucial input of entrepreneurship training. Efforts are made to inject confidence and positive attitude and behaviour among the participants towards business.

It ultimately tries to make the participants start their own business enterprise after the completion of the training programme. In order to further motivate the participants, sometimes successful entrepreneurs are also invited to speak about their experiences in setting up and running a business.

3. Management Skills:

Running a business, whether large or small requires the managerial skills. Since a small entrepreneur cannot employ a management professionals /experts to manage his/her business, he/she needs to be imparted basic and essential managerial skills in the different functional areas of management like finance, marketing, human resource, and production.

Knowledge of managerial skills enables an entrepreneur to run his/her enterprise smoothly and successfully. That is why the saying goes that "One man control is the best in the world (of business) if the man is big enough to control (manage) everything."

4. Support System and Procedure:

The participants also need to be exposed to the support available from different institutions and agencies for setting up and running small-scale enterprises. This is followed by acquainting them with procedure for approaching them, applying and obtaining support from them.

5. Fundamentals of Project Feasibility Study:

Under this input, the participants are provided guidelines on the effective analysis of feasibility or viability of the particular project relating to marketing, organization, technical, financial, and social aspects of the project. Knowledge is also given how to prepare the 'Project' or 'Feasibility Report' for certain products.

6. Plant Visits:

In order to familiarize the participants with real life situations in small business, plant visits are also arranged. Such trips help the participants know more about an entrepreneur's behaviour, personality, thoughts, and aspirations. These influence him / her to behave accordingly to run his / her enterprise smoothly and successfully.

On the whole, the ultimate objective of entrepreneurship development programme is to make the trainees prepared to start their own enterprises after the completion of the training programme. This is the ultimate measure of success levels of the EDPs.

UNIT-III

INSTITUTIONAL SUPPORT TO ENTREPRENEURS

OBJECTIVES OF DISTRICT INDUSTRIES CENTERS (DICS)

The following are the main objectives of DICs:

To identify the new entrepreneurs and providing assistance to them regarding their own startup's.

To provide financial and other facilities to smaller blocks.

To rise the complete efforts for industrialization at district level.

To enhance the rural industrialization and also the development of handicrafts.

To reach economic equality in multiple areas of the district.

To allow various government schemes to the new entrepreneurs.

To desize the regional imbalance of development.

To make all the necessary facilities to come under one roof.

FUNCTIONS OF DISTRICT INDUSTRIES CENTERS (DICS)

The DIC's programme is funded jointly by the concerned state and central government. It took part in various promotional measures In order to bring out the development of small unit sectors in the district level. The DIC's performs the following functions mainly:

1. To spot the entrepreneurs:

DICs conducting various motivational programmes so that they can find new entrepreneurs throughout the districts. It is done particularly under some schemes and with the association of SIS's and TCO's for conducting Entrepreneurial programmes.

2. Purchase of fixed assets:

Topurchase fixed assets, the DICs suggest loan applications of the prospective entrepreneur to some of the concerned financial and development institutions like NSIC, SISI etc., DCI's also recommend commercial banks so that to meet the working capital requirement of SSI to run operations daily.

3. Offers subsidies and other incentives:

DCIs help the rural people to subsidies offered by the government on various schemes. It leads to the betterment in boosting financial capacity of the units and may undergo for further development activities.

4. Guidance of import and export:

Government provides various types of incentives for import and export on particular goods and services. The license to the importer and exporter is issued on the basis of recommendation of DIC.

5. Entrepreneurial training programmes:

DCIs allow a lot of training programmes for the rural entrepreneurs who are new to the business world and also recommend other institutions to take part in such training programs.These are intended to give better assistance to the new entrepreneurs

6. Provides employment for unemployed educated ones:

The DIC s have introduced a scheme to guide the unemployed educated youth by providing them facilities for selfemployment. The age limits between 18 to 35 years with minimum qualification of metric or technical trade. The notable thing here is that the technocrats and women are given importance.

ACTIVITIES OF DISTRICT INDUSTRIES CENTRE (DICs)

The DIC's performs the following activities primarily:

Economic Investigation.

Plant and Machinery

Research, education and training

Raw materials

Credit facilities

Marketing assistance

Cottage industries

SIDO

Small Industries Development Organization (SIDO) is a subordinate office of the Department of SSI & Auxiliary and Rural Industry (ARI). It is an apex body and nodal agency for formulating, coordinating and monitoring the policies and programmes for promotion and development of small-scale industries.

Development Commissioner is the head of the SIDO. He is assisted by various directors and advisers in evolving and implementing various programmes of training and management, consultancy, industrial investigation, possibilities for development of different types of smallscale industries, industrial estates, etc. The main functions of the SIDO are classified into:

(i) Co-ordination,

(ii) Industrial development, and

(iii) Extension.

These functions are performed through a national network of institutions and associated agencies created for specific functions. At present, the SIDO functions through 27 offices, 31 Small Industries Service Institutes (SISI), 37 Extension Centres, 3 Product-cum - Process Development Centres, and 4 Production Centres.

All small-scale industries except those falling within the specialized boards and agencies like Khadi and Village Industries (KVI), Coir Boards, Central Silk Board, etc., fall under the purview of the SIDO.

The main functions performed by the SIDO in each of its three categories of functions are:

Functions Relating to Co-ordination:

a. To evolve a national policy for the development of small-scale industries,

b. To co-ordinate the policies and programmes of various State Governments,

c. To maintain a proper liaison with the related Central Ministries, Planning Commission, State Governments, Financial Institutions etc., and

d. To co-ordinate the programmes for the development of industrial estates.Functions Relating to Industrial Development:

e. To reserve items for production by small-scale industries,

f. To collect data on consumer items imported and then, encourage the setting of industrial units to produce these items by giving coordinated assistance,

g. To render required support for the development of ancillary units, and

d. To encourage small-scale industries to actively participate in Government Stores Purchase Program by giving them necessary guidance, market advice, and assistance. Function Relating to Extension:

h. To make provision to technical services for improving technical process, production planning, selecting appropriate machinery, and preparing factory lay-out and design,

i. To provide consultancy and training services to strengthen the competitive ability of smallscale industries.

j. To render marketing assistance to small-scale industries to effectively sell their products, and

k. To provide assistance in economic investigation and information to small- scale industries.

SMALL INDUSTRIES SERVICE INSTITUTES (SISI)

The small industries service institutes have been set up in state capitals and other places all over the country to provide consultancy and training to small entrepreneurs both existing and prospective.

The main functions of SISI include:

(1) To serve as interface between central and state government.

(2) To render technical support services.

- (3) To conduct entrepreneurship development programmes.
- (4) To initiate promotional programmes.
- (1) Economic consultancy/information/EDP consultancy.
- (2) Trade and market information.
- (3) Project profiles.
- (4) State industrial potential surveys.
- (5) District industrial potential surveys.
- (6) Modernization and in plant studies.
- (7) Workshop facilities.
- (8) Training in various trade/activities.

FUNCTIONS

1. To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;

2. Conducting EDPs all over the country;

3. To advise the Central and State governments on policy matters relating to small industry development;

4. To assist in testing of raw materials and products of SSIs, their inspection and quality control;

5. To provide market information to the SISI's;

6. To recommend SSI's for financial assistance from financial institutions;

7. To enlist entrepreneurs for partition in Government stores purchase programme;

8. Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.

NIESBUD

NIESBUD is an apex body for co-ordinating and overseeing the activities of various institutions and agencies engaged in entrepreneurship development particularly in the area of small-scale industry.

The main objectives of the institute are:

- 1. To accelerate the process of entrepreneurship development throughout the country and among all segments of the society.
- 2. To help institutions/agencies in carrying out activities relating to entrepreneurship development.
- 3. To evolve standardised process of selection, training support and sustenance to potential entrepreneurs enabling them to set up and run their enterprises successfully.
- 4. To provide information support to trainers, promoters and entrepreneurs by organising documentation and research work relevant to entrepreneurship development
- 5. To provide functional forums for integration and exchange of experiences helpful for policy formulation and modification at various levels.

Functions

The main functions of the Institute are as follows:

- (i) Evolving effective training, strategy and methodology.
- (ii) Formulating scientific selection procedure)
- (iii) Standardizing model syllabus for training for various groups.
- (iv) Developing training aids, manuals and other tools.
- (v) Supporting 9ther agencies engaged in entrepreneurship development.

(vi) Conducting such programmes for promoters, trainers and entrepreneurs which are commonly not undertaken by other agencies
NAYE

NAYE has arranged several schemes of entrepreneurial development in collaboration with public sector banks such as Bank of India, Dena Bank, Punjab National Bank, Central Bank of India and Union Bank of India.

The objectives of the schemes are the following:

1. Help young entrepreneurs' in identifying investment and self-employment opportunities.

2. Secure proper arrangement for their training.

3. Provide necessary financial assistance on the basis of project reports.

4. Secure package of consultancy services.

5. Arrange for getting assistance, facilities and incentives extended to entrepreneurs by the government and other institutions.

EDII

Entrepreneurship Development Institute of India (EDII), an autonomous and not-for-profit institute, set up in 1983, is sponsored by apex financial institutions - the IDBI Bank Ltd., IFCI Ltd., ICICI Bank Ltd. and the State Bank of India (SBI). The Government of Gujarat pledged 23 acres of land on which stands the majestic and sprawling EDII campus.

To pursue its mission, EDII has helped set up 12 state-level exclusive Entrepreneurship Development Centres and Institutes. One of the satisfying achievements, however, was taking entrepreneurship to a large number of schools, colleges, science and technology institutions and management schools in several states by including entrepreneurship inputs in their curricula. In view of EDII's expertise in entrepreneurship, the University Grants Commission had also assigned EDII the task of developing curriculum on entrepreneurship and the Gujarat Textbook Board assigned to it the task of developing textbooks on entrepreneurship for 11th and 12th standards. In order to broaden the frontiers of Entrepreneurship Research, EDII has established a Centre for Research in Entrepreneurship Education and Development (CREED), to investigate into a range of issues surrounding small and medium enterprise sector, and establish a network of researchers and trainers by conducting a biennial seminar on entrepreneurship education and research.

In the international arena, efforts to develop entrepreneurship by way of sharing resources and organising training programmes, have helped EDII earn accolades and support from the World Bank, Commonwealth Secretariat, UNIDO, ILO, FNSt, British Council, Ford Foundation, European Union, ASEAN Secretariat and several other renowned agencies.

Functions of EDII

- •Creating a multiplier effect on opportunities for self-employment,
- •Augmenting the supply of competent entrepreneurs through training,
- •Augmenting the supply of entrepreneur trainer-motivators,
- •Participating in institution building efforts,
- •Inculcating the spirit of 'Entrepreneurship' in

youth, •Promoting micro enterprises at rural level,

•Developing new knowledge and insights in entrepreneurial theory and practice through research, •Facilitating corporate excellence through creating intrapreneurs, •Improving managerial capabilities of small scale industries,

•Sensitizing the support system to facilitate entrepreneurs establish and manage their enterprises, •Collaborating with organizations to accomplish the above objectives.

INSTITUTIONAL FINANCE TO ENTREPRENEURS

IDBI Bank is an Indian government-owned financial service company, formerly known as **Industrial Development Bank of India**, headquartered in Mumbai, India. It was established in 1964 by an Act of Parliament to provide credit and other financial facilities for the development of the fledgling Indian industry. IDBI Bank is on a par with nationalized banks and the SBI Group as far as government ownership is concerned. It is one among the 27 commercial banks owned by the Government of India. IDBI bank is considered as government of India owned bank. It is currently 10th largest development bank in the world in terms of reach. It has an authorised capital of 3000 cr.

History

Industrial Development bank of India (IDBI) was constituted under Industrial Development bank of India Act, 1964 as a Development Financial Institution (DFI) and came into being as on July 01, 1964 as a wholly owned subsidiary of RBI. In 1976, the ownership of IDBI was transferred to the Government of India and it was made the principal financial institution for coordinating the activities of institutions engaged in financing, promoting and developing industry in India. It was regarded as a Public Financial Institution in terms of the provisions of Section 4A of the Companies Act, 1956. It continued to serve as a DFI for 40 years till the year 2004 when it was transformed into a Bank.

Industrial Development Bank of India Limited: In response to the felt need and on commercial prudence, it was decided to transform IDBI into a Bank. For the purpose, Industrial Development bank (transfer of undertaking and Repeal) Act, 2003 [Repeal Act] was passed repealing the Industrial Development Bank of India Act, 1964. In terms of the provisions of the Repeal Act, a new company under the name of Industrial Development Bank of India Limited (IDBI Ltd.) was incorporated as a Govt. Company under the Companies Act, 1956 on September 27, 2004. Thereafter, the undertaking of IDBI was transferred to and vested in IDBI Ltd. with effect from October 01, 2004. In terms of the provisions of the Repeal Act, IDBI Ltd. has been functioning as a Bank in addition to its earlier role of a Financial Institution.

Role of IDBI

As an apex development bank, the IDBI's major role is to co-ordinate the activities of other development banks and term-financing institutions in the capital market of the country.

Providing technical and administrative assistance for promotion, management and expansion of industry thus performing promotional and development functions.

Direct Assistance: The IDBI grants loans and advances to industrial concerns. The bank guarantees loans raised by industrial concerns in the open market from the State Co-operative

Banks, the Scheduled Banks, the Industrial Finance Corporation of India (IFCI) and other 'notified' financial institutions.

Indirect Assistance: Providing refinancing facilities to the IFCI, SFCs and other financial institutions approved by the government. IDBI subscribes to the shares and bonds of the financial institutions and thereby provide supplementary resources.

Coordinating the activities of financial institutions for the promotion and development of industries.

IDBI is the leader, coordinator and innovator in the field of industrial financing in our country. Its major activity is confined to financing, developmental, co-ordination and promotional functions. Planning, promoting and developing industries with a view to fill the gaps in the industrial structure by conceiving, preparing and floating new projects.

Functions performed by IDBI

That the IDBI has shown its particular interest in the development of small-scale industries is demonstrated by the setting up of the Small Industries Development Fund (SIDF) in May 1986, the National Equity Fund Scheme (NEFS) in 1988, and the Voluntary Executive Corporation Cell (VECC) for providing support in the nature of equity to tiny and small-scale industries engaged in manufacturing, cost not exceeding Rs. 5 lakhs. The scheme is administrated by the IDBI through nationalised banks.

The IDBI has also introduced the single window assistance scheme for grant of term-loans and working capital assistance to new, tiny and small-scale enterprises. As per data available, IDBI has extended about one-third of total industrial assistance to small-sector alone.

The scope of business of the IDBI has also been extended to cover consulting, merchant banking and trusteeship activities.

The main functions of the IDBI may be stated as follows:

1. Planning, promoting and developing industries with a view to fill the gaps in the industrial structure by conceiving, preparing and floating new projects.

2. Providing technical and administrative assistance for promotion, management and expansion of industry.

3. Providing refinancing facilities to the IFCI, SFCs and other financial institutions approved by the government.

4. Coordinating the activities of financial institutions for the promotion and development of industries.

5. Purchasing or underwriting shares and debentures of industrial concerns.

6. Guaranteeing deferred payments due from industrial concerns and for loans raised by them.

7. Undertaking market and investment research, surveys and techno-economic studies helpful to the development of industries.

India's State Finance Corporations: Management, Functions and Working of SFCs

The State Finance Corporations (SFCs) are the integral part of institutional finance structure in the country. SEC promotes small and medium industries of the states. Besides, SFCs are helpful in ensuring balanced regional development, higher investment, more employment generation and broad ownership of industries.

At present there are 18 state finance corporations (out of which 17 SFCs were established under SFC Act 1951). Tamil Nadu Industrial Investment Corporation Ltd. established under Company Act, 1949, is also working as state finance corporation.

Organisation and Management:

The State Finance Corporations management is vested in a Board of ten directors. The State Government appoints the managing director generally in consultation with the Reserve Bank and nominates three other directors.

The insurance companies, scheduled banks, investment trusts, co-operative banks and other financial institutions elect three directors. Thus the majority of the directors are nominated by the government and quasi-government institutions.

The important functions of State Finance Corporations are:

(i) The SFCs grant loans mainly for acquisition of fixed assets like land, building, plant and machinery.

(ii) The SFCs provide financial assistance to industrial units whose paid-up capital and reserves do not exceed Rs. 3 crore (or such higher limit up to Rs. 30 crore as may be specified by the central government).

(iii) The SFCs underwrite new stocks, shares, debentures etc., of industrial concerns.

(iv) The SFCs provide guarantee loans raised in the capital market by scheduled banks, industrial concerns, and state co-operative banks to be repayable within 20 years.

Working of SFCs:

The government of India passed the State Financial Corporation Act in 1951 and made it applicable to all the States. The authorised Capital of a State Financial Corporation is fixed by the State government within the minimum and maximum limits of Rs. 50 lakh and Rs. 5 crore and is divided into shares of equal value which were taken by the respective State Governments, the Reserve Bank of India, scheduled banks, co-operative banks, other financial institutions such as insurance companies, investment trusts and private parties.

The shares are guaranteed by the State Government. The SFCs can augment its fund through issue and sale of bonds and debentures, which should not exceed five times the capital and reserves at Rs. 10 Lakh.

TIIC:

The Tamil Nadu Industrial Investment Corporation Limited (TIIC), a government company incorporated under the Companies Act 1913 and continues to be a government company under The Companies Act, 1956. The authorised share capital of the company is ₹300 crores and the paid up capital of the company is ₹283.4956 crores.

Promote interaction with, and resourcing Technology/Expertise from the faculty members and students in the Institute.

Incubate novel technology and business ideas into viable commercial products or services.

Organizing competitions to promote technological creativity and innovation among students.

Extending incubation support through knowledge inputs from college faculty and alumni, and also through provision of functional space for student-led start-ups.

Partnering with reputed entrepreneurship promotion bodies, organizations, societies in order to have our students benefit from their inputs.

UNIT-IV

MEANING OF PROJECT.

An **entrepreneur** takes numerous decisions to convert his **business** idea into a running concern. His/Her decision making process starts with **project**/product selection. The **project** selection is the first corner stone to be laid down in setting up an enterprise.

DEFINITION

Planned set of interrelated tasks to be executed over a fixed period and within certain cost and other limitations.

Project identification

The purpose of project identification is to develop a preliminary proposal for the most appropriate set of interventions and course of action, within specific time and budget frames, to address a specific development goal in a particular region or setting. Investment ideas can arise from many sources and contexts. They can originate from a country's sector plan, programme or strategy, as follow-up of an existing project or from priorities identified in a multi-stakeholder sector or local development dialogue. Identification involves:

a review of alternative approaches or options for addressing a set of development problems and opportunities;

the definition of project objectives and scope of work at the degree of detail necessary to justify commitment of the resources for detailed formulation and respective preparatory studies; and the identification of the major issues that must be tackled and the questions to be addressed before a project based on the concept can be implemented.

Sufficient information on project options must be gathered to enable the government and financing agencies to select a priority project and reach agreements among stakeholders on arrangements for preparation work, including setting up steering committees or national preparation teams. The results of identification work should be summarized in a report, project brief or concept document, the format of which will depend upon the government's and/or financing agencies' requirements.

PROJECT FORMULATION.-

A process is a collection of interrelated actions and activities that take place in order to achieve a set of previously specified products, results or services. The **project** team is in charge of executing the **formulation**, evaluation and **project** management processes.

Project formulation

- 1. Taking a first look carefully and critically at the project idea
- 2.Carefully weighing its various components
- 3. Analyzing with the assistance of specialists or consultants
- 4. Assessment of the various aspects of an investment proposition
- 5.It is an important stage in the pre-investment phase
- Stages of project formulation
- 1. Feasibility analysis
- 2. Techno-Economic Analysis
- 3. Project Design and network analysis
- 4. Input analysis
- 5. Financial analysis
- 6. Cost-benefit analysis
- 7. Pre-investment analysis

Feasibility Analysis

First stage in project formulation

Examination to see whether to go in for a detailed investment proposal or not

Screening for internal and external constraints

The project idea seems to be feasible

The project idea is not a feasible one

Unable to arrive at a conclusion for want of adequate data

Techno-Economic Analysis

Screens the idea to estimate of potential of the demand of goods/services choice of optimal technology This analysis gives the project a platform for preparation of detailed project design

Project Design and Network Analysis

It is the heart of the project entity

It defines the sequences of events of the project

Time is allocated for each activity

It is presented in a form of a network drawing

It helps to identify project inputs, finance needed and cost benefit profile of the project

Input Analysis

It's assesses the input requirement during the construction and operation of the project

It defines the inputs required for each activity

Inputs include materials, human resources

It evaluates the feasibility of the project from the point of view the availability of necessaryresources

This aids in assessing the project cost

Financial Analysis:

It involves estimating the project costs, operating cost and fund requirements

It helps in comparing various project proposals on a common scale

Analytical tools used are discounted cash flow, cost-volume-profit relationship and ratio analysis

Investment decision involve commitment of resources in future, with a long horizon

It needs caution and foresight in developing financial forecasts

Cost -Benefit analysis

The overall worth of a project is considered

The project design forms the basis of evaluation

It considers costs that all entities have to bear and the benefit connected to it.

Pre-investment Analysis

The results obtained in previous stages are consolidated to arrive at clear conclusions

Helps the project-sponsoring body, the project implementing body and the external consultingagencies to accept/reject the proposal

Meaning of Project Report

A Project Report is a document which provides details on the overall picture of the proposed business. The project report gives an account of the project proposal to ascertain the prospects of the proposed plan/activity.

Project Report is a **written document** relating to any investment. It contains data on the basis of which the project has been appraised and found feasible. It consists of information on economic, technical, financial, managerial and production aspects. It enables the entrepreneur to know the inputs and helps him to obtain loans from banks or financial Institutions.

The project report contains detailed information about Land and buildings required, Manufacturing Capacity per annum, Manufacturing Process, Machinery & equipment along with their prices and specifications, Requirements of raw materials, Requirements of Power & Water, Manpower needs, Marketing Cost of the project, production, financial analyses and economic viability of the project.

Contents of a Project Report

Following are the contents of a project report.

1. General Information

A project report must provide information about the details of the industry to which the project belongs to. It must give information about the past experience, present status, problems and future prospects of the industry. It must give information about the product to be manufactured and the reasons for selecting the product if the proposed business is a manufacturing unit. It must spell out the demand for the product in the local, national and the global market. It should clearly identify the alternatives of business and should clarify the reasons for starting the business.

2. Executive Summary

A project report must state the objectives of the business and the methods through which the business can attain success. The overall picture of the business with regard to capital, operations, methods of functioning and execution of the business must be stated in the project report. It must mention the assumptions and the risks generally involved in the business.

3. Organization Summary

The project report should indicate the organization structure and pattern proposed for the unit. It must state whether the ownership is based on sole proprietorship, partnership or Joint Stock Company. It must provide information about the bio data of the promoters including financial soundness. The name, address, age qualification and experience of the proprietors or promoters of the proposed business must be stated in the project report.

4. Project Description

A brief description of the project must be stated and must give details about the following:

Location of the site,

Raw material requirements,

Target of production,

Area required for the workshed,

Power requirements,

Fuel requirements,

Water requirements,

Employment requirements of skilled and unskilled

labour, Technology selected for the project,

Production process,

Projected production volumes, unit prices, Pollution treatment plants required.

If the business is service oriented, then it must state the type of services rendered to customers. It should state the method of providing service to customers in detail.

5. Marketing Plan

The project report must clearly state the total expected demand for the product. It must state the price at which the product can be sold in the market. It must also mention the strategies to be employed to capture the market. If any, after sale service is provided that must also be stated in the project. It must describe the mode of distribution of the product from the production unit to the market. Project report must state the following: Type of customers, Target markets, Nature of market, Market segmentation, Future prospects of the market, Sales objectives, Marketing Cost of the project, Market share of proposed venture, Demand for the product in the local, national and the global market, It must indicate potential users of products and distribution channels to be used for distributing the product.

6. Capital Structure and operating cost

The project report must describe the total capital requirements of the project. It must state the source of finance, it must also indicate the extent of owners funds and borrowed funds. Working capital requirements must be stated and the source of supply should also be indicated in the project. Estimate of total project cost, must be broken down into land, construction of buildings and civil works, plant and machinery, miscellaneous fixed assets, preliminary and preoperative expenses and working capital.

Proposed financial structure of venture must indicate the expected sources and terms of equity and debt financing. This section must also spell out the operating cost

7. Management Plan

The project report should state the following.

- a. Business experience of the promoters of the business,
- b. Details about the management team,
- c. Duties and responsibilities of team members,
- d. Current personnel needs of the organization,
- e. Methods of managing the business,
- f. Plans for hiring and training personnel,
- g. Programmes and policies of the management.

8. Financial Aspects

In order to judge the profitability of the business a projected profit and loss account and balance sheet must be presented in the project report. It must show the estimated sales revenue, cost of production, gross profit and net profit likely to be earned by the proposed unit. In addition to the above, a projected balance sheet, cash flow statement and funds flow statement must be prepared every year and at least for a period of 3 to 5 years.

The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years. Break even point and rate of return on investment must be stated in the project report. The accounting system and the inventory control system will be used is generally addressed in this section of the project report. The project report must state whether the business is financially and economically viable.

9. Technical Aspects

Project report provides information about the technology and technical aspects of a project. It covers information on Technology selected for the project, Production process, capacity of machinery, pollution control plants etc.

10. Project Implementation

Every proposed business unit must draw a time table for the project. It must indicate the time within the activities involved in establishing the enterprise can be completed. Implementation schemes show the timetable envisaged for project preparation and completion.

11. Social responsibility

The proposed units draws inputs from the society. Hence its contribution to the society in the form of employment, income, exports and infrastructure. The output of the business must be indicated in the project report.

Guidelines for Preparing a Detailed Project Report

Your company seeking financial assistance for implementation of its business idea is required to prepare a Project Report covering certain important aspects of the project as detailed below:

Promoters background/experience

Product with capacity to be built up and processes involved

Project location

Cost of the Project and Means of financing

thereof Availability of utilities

Technical arrangements

Market Prospects and Selling arrangements

Environmental aspects

Profitability projections and Cash flows for the entire repayment period of financial assistance

Spreadsheets formats attached with this document will help you prepare a Detailed Project Report for your Bank. You may omit the manufacturing related information in case you are applying for a non-manufacturing project.

Since the appraisal of the Project involves evaluation of the Project in the following areas, your company/you would be required to submit certain documents/information in the matter.

Management Evaluation

Memorandum and Articles of Association : Object, authorised and paid-up share capital, promoter's contribution, borrowing powers, list of directors on the Board, terms of appointment of directors

Your company as the Promoter : Corporate plan of the Company, projects promoted/implemented/under implementation, Bankers' report on dealings and repayment of past loan assistance, details of group companies, operations, balance sheet and profit & loss account of the promoter company

New Promoters : Educational background, any industrial experience, family background, sources of income, details of personal properties, banker's reference, income tax/ wealth tax returns

Management and Organisation set up : Broad composition of the Board, details of full time directors and their responsibilities, details of Chief executive and functional executives including qualification, experience, organisation set-up for existing company and during project implementation for new company.

Technical Feasibility

Technology and manufacturing process : Proven/new technology, basis of selection of technology, competing technologies, performance data of plants based on the technology, details of licensor of technology, process flow chart and description

Location of the Project : Locational advantage, availability of raw material and other utilities, infrastructure facilities, availability of labour, environmental aspects

Plant and Machinery : List of machinery & equipment, details of suppliers, competitive quotations, technical & commercial evaluation of major equipment

Raw material, Utilities and Manpower: Details of raw materials and suppliers, electricity and water supply, basis of manpower estimates, details of manpower eg. managerial, supervisory, skilled/unskilled, training needs

Contracts : Agreement with contractors detailing on know-how, engineering, procurement, construction, financial soundness and experience of contractors **Project monitoring and implementation :** Mode of implementation, details of

Environmental Aspects:

Air, Water and Soil Pollution, list of pollutants / Hazardous substances, their safety, handling and disposal arrangements, compliance with national and International Standards, Clearances and No objection certificates required and obtained etc.

monitoring team, detailed schedule of implementation.

Commercial Viability

Existing and potential market demand and supply for the proposed product in respect of volume and pattern

Share of the proposed product of the company in the total market through marketing strategy

Selling price of the product and export potential, if any.

Buy-back arrangements, if any.

Financial Appraisal

Cost of the Project: This includes the cost of land & site development, building, plant & machinery, technical know-how & engineering fees, miscellaneous fixed assets, preliminary & preoperative expenses, contingencies, margin money for working capital. Your company is expected to submit realistic estimates and reasonableness of the cost of the project will be examined with reference to various factors such as implementation period, inflation, various agreements, quotations etc.

Means of Financing: Means of financing shall have to conform to proper mix of share capital and debt. This includes share capital, unsecured loans from Promoters/associates, internal accruals, term loans, Government subsidy/grant. Reasonableness of Promoters' contribution in the form of equity and interest-free unsecured loans, if any, is ascertained in view of commitment to the Project.

Profitability Projections: Past records of financial performance of Your company will be examined. Your company needs to submit profitability estimates, cash flow and projected balance sheet for the project and for the Company as a whole. Based on the projections, various financial ratios such as Debt -Equity ratio, Current ratio, Fixed asset coverage ratio, Gross profit, Operating profit, Net profit ratios, Internal rate of return(over the economic life of the project), Debt Service Coverage ratio, Earning per share, Dividend payable etc. would be worked out to ascertain financial soundness of your Project.

Economic Viability

Your company will have to take real value of input as against the value accounted in financial analysis for the purpose of economic evaluation of the project.

Your company should carry out social cost benefit analysis as a measure of the costs and benefits of the project to Society and the Economy.

Economic analysis is therefore aimed at inherent strength of the Project to withstand international competition on its own.

UNIT-V

PROJECT APPRAISSAL

Project appraisal is the process of assessing, in a structured way, the case for proceeding with a project or proposal, or the project's viability. It often involves comparing various options, using economic appraisal or some other decision analysis technique. The entire project should be objectively appraised for the same feasibility study should be taken in its principal dimensions, technical, economic, financial, social and so far to establish the justification of the project or The project appraisal is the process of judging whether the project is profitable or not to client.

1. Economic Analysis:

Under economic analysis, the project aspects highlighted include requirements for raw material, level of capacity utilization, anticipated sales, anticipated expenses and the probable profits. It is said that a business should have always a volume of profit clearly in view which will govern other economic variables like sales, purchases, expenses and alike.

It will have to be calculated how much sales would be necessary to earn the targeted profit. Undoubtedly, demand for the product will be estimated for anticipating sales volume. Therefore, demand for the product needs to be carefully spelled out as it is, to a great extent, deciding factor of feasibility of the project concern.

2. Financial Analysis:

Finance is one of the most important pre-requisites to establish an enterprise. It is finance only that facilitates an entrepreneur to bring together the labour of one, machine of another and raw material of yet another to combine them to produce goods.

1. Assessment of the financial requirements both – fixed capital and working capital need to be properly made. You might be knowing that fixed capital normally called 'fixed assets' are those tangible and material facilities which purchased once are used again and again. Land and buildings, plants and machinery, and equipment's are the familiar examples of fixed assets/fixed capital. The requirement for fixed assets/capital will vary from enterprise to enterprise depending

upon the type of operation, scale of operation and time when the investment is made. But, while assessing the fixed capital requirements, all items relating to the asset like the cost of the asset, architect and engineer's fees, electrification and installation charges (which normally come to 10 per cent of the value of machinery), depreciation, pre-operation expenses of trial runs, etc., should be duly taken into consideration. Similarly, if any expense is to be incurred in remodeling, repair and additions of buildings should also be highlighted in the project report.

2. In accounting, working capital means excess of current assets over current liabilities. Generally, 2: 1 is considered as the optimum current ratio. Current assets refer to those assets which can be converted into cash within a period of one week. Current liabilities refer to those obligations which can be payable within a period of one week. In short, working capital is that amount of funds which is needed in day today's business operations. In other words, it is like circulating money changing from cash to inventories and from inventories to receivables and again converted into cash.

This circle goes on and on. Thus, working capital serves as a lubricant for any enterprise, be it large or small. Therefore, the requirements of working capital should be clearly provided for. Inadequacy of working capital may not only adversely affect the operation of the enterprise but also bring the enterprise to a grinding halt.

The activity level of an enterprise expressed as capacity utilization, needs to be well spelt out in the business plan or project report. However, the enterprise sometimes fails to achieve the targeted level of capacity due to various business vicissitudes like unforeseen shortage of raw material, unexpected disruption in power supply, inability to penetrate the market mechanism, etc.

Then, a question arises to what extent and enterprise should continue its production to meet all its obligations/liabilities. 'Break-even analysis' (BEP) gives an answer to it. In brief, break-even analysis indicates the level of production at which there is neither profit nor loss in the enterprise. This level of production is, accordingly, called 'break-even level'.

3. Market Analysis:

Before the production actually starts, the entrepreneur needs to anticipate the possible market for the product. He/she has to anticipate who will be the possible customers for his product and where and when his product will be sold. There is a trite saying in this regard: "The manufacturer

Based on above, the product life cycle has been divided into the following five stages:

1. Introduction

2. Growth

3. Maturity

4. Saturation

5. Decline

4. Technical Feasibility:

While making project appraisal, the technical feasibility of the project also needs to be taken into consideration. In the simplest sense, technical feasibility implies to mean the adequacy of the proposed plant and equipment to produce the product within the prescribed norms. As regards know-how, it denotes the availability or otherwise of a fund of knowledge to run the proposed plants and machinery.

(i) Availability of land and site.

(ii) Availability of other inputs like water, power, transport, communication facilities.

(iii) Availability of servicing facilities like machine shops, electric repair shop, etc.

(iv) Coping-with anti-pollution law.

(v) Availability of work force as per required skill and arrangements proposed for training-in-plant and outside.

(vi) Availability of required raw material as per quantity and quality.

5. Management Competence:

Management ability or competence plays an important role in making an enterprise a success or otherwise. Strictly speaking, in the absence of managerial competence, the projects which are otherwise feasible may fail.

On the contrary, even a poor project may become a successful one with good managerial ability. Hence, while doing project appraisal, the managerial competence or talent of the promoter should be taken into consideration.

Research studies report that most of the enterprises fall sick because of lack of managerial competence or mismanagement. This is more so in case of small-scale enterprises where the proprietor is all in all, i.e., owner as well as manager. Due to his one-man show, he may be jack of all but master of none.

INTELLECTUAL PROPERTY RIGHTS

Introduction

Intellectual property (IP) is a term referring to creation of the intellect (the term used in studies of the human mind) for which a monopoly (from greek word monos means single polein to sell) is assigned to designated owners by law. Some common types of intellectual property rights (IPR), in some foreign countries intellectual property rights is referred to as *industrial property*, copyright, patent and trademarks, trade secrets all these cover music, literature and other artistic works, discoveries and inventions and words, phrases, symbols and designs. Intellectual Property Rights are themselves a form of property called intangible property.

Although many of the legal principles governing IP and IPR have evolved over centuries, it was not until the 19th century that the term *intellectual property* began to be used and not until the late 20th century that it became commonplace in the majority of the world.

Types of Intellectual Property

The term intellectual property is usually thought of as comprising four separate legal fields:

- 9. Trademarks
- 10. Copyrights
- 11. Patents
- 12. Trade secrets

1. **Trademarks and Service Marks:** A trademark or service mark is a word, name, symbol, or device used to indicate the source, quality and ownership of a product or service. A trademark is used in the marketing is recognizable sign, design or expression which identifies products or service of a particular source from those of others. The trademark owner can be an individual, business organization, or any legal entity. A trademark may be located on a package, a label, a voucher or on the product itself. For the sake of corporate identity trademarks are also being.

General Logos:



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In addition to words, trademarks can also consist of slogans, design, or sounds. Trademark



provides guarantee of quality and consistency of the product or service they identify. Companies expend a great deal of time, effort and money/ in establishing consumer recognition of and confidence in their marks.

Federal Registration of trademarks:

Interstate use of trademarks is governed by federal law, namely, the United States Trademark Act (also called the Lanham Act), found at 15 U.S.C 1051et seq. In the United States, trademarks are generally protected from their date of first public use. Registration of a mark is not required to secure protection for a mark, although it offers numerous advantages, such as allowing the registrant to bring an action in federal court for infringement of the mark.

Applications for federal registration of trademarks are made with the PTO. Registration is a fairly lengthy process, generally taking anywhere from twelve to twenty-four months or even longer. The filing fee is \$335 per mark (Present \$225 per class) per class of goods or services covered by the mark.

A trademark registration is valid for 10 years and may be renewed for additional ten year periods thereafter as long as the mark is in used in interstate commerce. To maintain a mark the registrant is required to file an affidavit with the PTO between the fifth and sixth year after registration and every ten years to verify the mark is in continued use. Marks not in use are then available to others. A properly selected, registered and protected mark can be of great value to a company or individual desiring to establish and expand market share and better way to maintain a strong position in the marketplace.

Copyrights: Copyright is a form of protection provided by U.S. law (17 U.S.C 101 et seq) to the authors of "original works of authorship" fixed in any tangible medium of expression. The manner and medium of fixation are virtually unlimited. Creative expression may be captured in words, numbers, notes, sounds, pictures, or any other graphic or symbolic media. The subject matter of copyright is extremely broad, including literary, dramatic, musical, artistic, audiovisual, and architectural works. Copyright protection is available to both published and unpublished works.

Copyright protection is available for more than merely serious works of fiction or art. Marketing materials, advertising copy and cartoons are also protectable. Copyright is available for original working protectable by copyright, such as titles, names, short phrases, or lists of ingredients. Similarly, ideas methods and processes are not protectable by copyright, although the expression of those ideas is.

Copyright protection exists automatically from the time a work is created in fixed form. The owner of a copyright has the right to reproduce the work, prepare derivative works based on the original work (such as a sequel to the original), distribute copies of the work, and to perform and display the work. Violations of such rights are protectable by infringement actions. Nevertheless, some uses of copyrighted works are considered "fair use" and do not constitute infringement, such as use of an insignificant portion of a work for noncommercial purposes or parody of a copyrighted work.

Definition:

General Definition of copyright "Copyright owner", with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right.

Federal Registration of Copyrights: The works are protected under federal copyright law from the time of their creation in a fixed form. Registration, however, is inexpensive, requiring only a \$30 (present \$85) filing fee, and the process is expeditious. In most cases, the Copyright Office processes applications within four to five months.

Copyrighted works are automatically protected from the moment of their creation for a term generally enduring for the author's life plus an additional seventy years after the author's death. The policy underlying the long period of copyright protection is that it may take several year for a painting, book, or opera to achieve its true value, and thus, authors should receive a length of protection that will enable the work to appreciate to its greatest extent.

4. Patents: A patent for an invention is the grant of a property right to the inventor, issued by the United States Patent and Trademark Office. Generally, the term of a new patent is 20 years from the date on which the application for the patent was filed in the United States or, in special cases, from the date an earlier related application was filed, subject to the payment of maintenance fees. U.S. patent grants are effective only within the United States, U.S. territories, and U.S. possessions. Under certain circumstances, patent term extensions or adjustments may be available.

The right conferred by the patent grant is, in the language of the statute and of the grant itself, "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the United States. What is granted is not the right to make, use, offer for

sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention. Once a patent is issued, the patentee must enforce the patent without aid of the USPTO.

There are three types of patents:

Utility patents may be granted to anyone who invents or discovers any new and useful process, machine, article of manufacture, or composition of matter, or any new and useful improvement thereof;

Design patents may be granted to anyone who invents a new, original, and ornamental design for an article of manufacture; and

Plant patents may be granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant.

Federal Registration of Copyrights: Patents are governed exclusively by federal law (35 U.S.C 100 et seq). To obtain a patent, an inventor must file an application with the PTO (the same agency that issues trademark registration) that fully describes the invention. Patent prosecution is expensive, time consuming and complex. Costs can run into the thousands of dollars, and it generally takes over two year for the PTO to issue a patent.

Patent protection exists for twenty years from the date of filing of an application for utility and patents and fourteen years from the date of grant for design patents. After this period of time, the invention fall into the public domain and may be used by any person without permission.

The inventor is granted an exclusive but limited period of time within which to exploit the invention. After the patent expires, any member of the public is free to use, manufacture, or sell the invention. Thus, patent law strikes a balance between the need to protect inventors and the need to allow public access to important discoveries.

Trade Secrets: A trade secret consists of any valuable business information. The business secrets are not to be known by the competitor. There is no limit to the type of information that can be protected as trade secrets; **For Example:** *Recipes, Marketing plans, financial projections, and methods of conducting business can all constitute trade secrets.* There is no requirement that a trade secret be unique or complex; thus, even something as simple and nontechnical as a list of customers can qualify as a trade secret as long as it affords its owner a competitive advantage and is not common knowledge.

If trade secrets were not protectable, companies would no incentive to invest time, money and effort in research and development that ultimately benefits the public. Trade secret law thus promotes the development of new methods and processes for doing business in the marketplace.

Protection of Trade Secrets: Although trademarks, copyrights and patents are all subject to extensive statutory scheme for their protection, application and registration, there is no federal law relating to trade secrets and no formalities are required to obtain rights to trade secrets. Trade secrets are

protectable under various state statutes and cases and by contractual agreements between parties. **For Example:** *Employers often require employees to sign confidentiality agreements in which employees agree not to disclose proprietary information owned by the employer.*

If properly protected, trade secrets may last forever. On the other hand, if companies fail to take reasonable measures to maintain the secrecy of the information, trade secret protection may be lost. Thus, disclosure of the information should be limited to those with a "need to know" it so as to perform their duties, confidential information should be kept in secure or restricted areas, and employees with access to proprietary information should sign nondisclosure agreements. If such measures are taken, a trade secret can be protected in perpetuity.

Another method by which companies protect valuable information is by requiring employee to sign agreements promising not to compete with the employer after leaving the job. Such covenants are strictly scrutinized by courts, but generally, if they are reasonable in regard to time, scope and subject matter, they are enforceable.

INTRODUCTION

The Factories Act, enacted in the year 1948. The act is to provide protection to the exploited workers and improve the working conditions in the industries and factories. The act further provides a machinery of instructions and their strict observance and direction for the owners, and the machinery created in the act.

In 1948 the Factories Act, 1934 was revised and it's aimed to cover the ambits of health, cleanliness, over time payments. It was done to ensure the proper working conditions of the workers, health and safety so that they can devote more time and labour in the working process of the factory without the terror of accidents and body strain. To ensure the safe and suitable working conditions of the workers this act was being regularly amended till 1976. By this time because of globalization and modernization many chemical industries involving toxic and hazardous substances were coming into existence and it created more and more problems and hindered every aspect of the workers such as safety, working conditions etc. By the time government could adapt the latest trends in the industrial sector and developments the world's biggest industrial disaster, The Bhopal Gas Tragedy occurred killing thousands of innocent people and created many lacunas in the factories act of 1948 as a result this act wanted the latest amendment and later this act was amended in 1987 as a memorial to the victims of Bhopal.

APPLICABILITY

The Factories Act, 1948 applicable to whole of India, including the state of Jammu and Kashmir. The Act is applicable to the factories which have:

1. A Premises

1. a manufacturing process which is being carried on in the premise or any part of premise

2. Minimum 10 workers where the manufacturing process is carried out with the aid of power. And 20 workers where the manufacturing process is carried without power. Section 2(m) of the Act provides for definition of Factories. "Factory" includes any premises including the precincts thereof

i. whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power or is ordinarily so carried on; or

ii. whereon twenty or more workers are working, or were working on a day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on.

But does not include a mine subject to the operation of the Mines Act, 1952 or a mobile unit belonging to the armed forces of the Union or a railway running shed, or a hotel, restaurant or eating place

Manufacturing Process

It means any process for:

i. making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing, or otherwise, treating or adopting any article or substance with a view to its use, sale, transport, delivery or disposal; or

ii. pumping oil, water or sewage or any other substance; or

iii. generating, transforming, transmitting power; or

iv. composing types for printing, printing by letter-press, lithography, photogravure or other similar process, or book-binding;

v. constructing, reconstructing, repairing, refitting, finishing or breaking up ships or vessels; or

vi. Preserving or storing any article in cold storage.

The definition is quite important and it has been the subject of judicial interpretation in large number of cases:

Following processes have been held to be manufacturing processes:

1. Sun-cured tobacco leaves subjected to processes of moistening, stripping, breaking up, adaption, packing, with a view to transport to company main factory for their use in manufacturing cigarette

2. The operation of peeling, washing etc., of prawns for putting them in cold storage is a process with a view to the sale or use or disposal of the prawns.

3. Stitching old gunny bags.

4. In paper factory, bankas grass packed into bundles manually and dispatched to the factory.

5. Work of garbling of pepper or curing ginger.

6. Process carried out in salt works in converting sea water into salt.

7. Conversion of latex into sheet rubber.

8. A process employed for the purpose of pumping water.

9. The work done on the bangles of cutting grooves in them which later would be filled with colouring, is clearly a stage in ornamentation of the bangle with view to its subsequent use for sale.

10. Preparation of soap in soap works.

11. The making of bidies.

12. The raw film used in the preparation of movies is an article or a substance and when by the process of tracing or adapting, after the sound are absorbed and the photos imprinted, it is rendered fit to be screened in a cinema theatre, then such a change would come within the meaning of the term treating or adapting any article or substance with a view to its use.

13. Composing is a necessary part of printing process and hence it is a manufacturing process.

14. Preparation of food and beverages and its sale to members of a club.

15. Receiving products in bulk, in packing and packing as per clients requirements.

16. Construction of railway – use of raw materials like sleepers, bolts, loose rails etc. to adaptation of their use for ultimately for laying down railway line.

Worker

Worker" means a person employed directly or by or through any agency (including a contractor) with or without knowledge of the principal employer, whether for remuneration or not, in any manufacturing process, or in any other kind or work incidental to, or connected with, the

manufacturing process or the subject of the manufacturing process but does not include any member of the armed forces of the Union.

Occupier

The occupier of the factory is the one who owns the business. He is solely responsible for all the things in his factory. The occupier is answerable for the all things which are happened in the premises. All the rules and regulations set by him have to be first approved by the State Government or the chief-inspector. So, there come the general duties of the occupier. The occupier has the following general duties under the factory act, 1948

- Ensure and insure the safety and health of the working employees.
- To ensure the regular maintenance of the plant or the machinery in the factory. This regulates that there are no health risks to the workers and they are safe.
- To ensure the proper arrangement in the factory for any emergency.

• He must communicate the risks factors to the working employees. Also. Provide them with the required instructions and training under his supervision.

• There must be maintenance of a healthy environment in the workplace. This involves all places of work, to provide the workers with the safety measures.

• There must be proper arrangements for the safety of the working employees. Hence, this will help the employees to work peacefully, without any pressure.

• A written statement should be prepared by the occupier, stating all the safety and risk factors involved.

- The biggest duty of the occupier is to not to employee any child worker.
- Providing paid leaves and payment for the overtime. Also, he should make aware the employees of the working-hours restrictions.

Definition of the Occupier under the Factories Act, 1948 as follows :

"Occupier" of a factory means the person who has ultimate control over the affairs of the factory Provided that-

i. in the case of a firm or other association of individuals, any one of the individual partners or members thereof shall be deemed to be the occupier;

ii. In the case of a company, any one of the directors shall be deemed to be the occupier;

iii. In the case of a factory owned or controlled by the Central Government or any State Government, or any local authority, the person or persons appointed to manage the affairs of the factory by the Central Government, the State Government or the local authority, as the case may be, shall be deemed to be the occupier;

Provided further that in the case of a ship which is being repaired, or on which maintenance work is being carried out, in a dry dock which is available for hire,-

1) the owner of the dock shall be deemed to be the occupier for the purposes of any matter provided for by or under-

a. section 6, section 7, 1*[section 7A, section 7B] section 11 or section 12;

b. section 17, in so far as it relates to the providing and maintenance of sufficient and suitable lighting in or around the dock;

c. section 18, section 19, section 42, section 46, section 47 or section 49, in relation to the workers employed on such repair or maintenance;

2) the owner of the ship or his agent or master or other officer-in-charge of the ship or any person who contracts with such owner, agent or master or other officer-in-charge to carry out the repair or maintenance work shall be deemed to be the occupier for the purposes of any matter provided for by or under section 13, section 14, section 16 or section 17 (save as otherwise provided in this proviso) or Chapter IV (except section 27) or section 43, section 44 or section 45, Chapter VI, Chapter VIII or Chapter IX or section 108, section 109 or section 110, in relation to-

a. The workers employed directly by him, or by or through any agency; and

b. The machinery, plant or premises in use for the purpose of carrying out such repair or maintenance work by such owner, agent, master or other officer-in-charge or person;]

IMPORTANCE

The entire Act is framed for the working condition, health, cleanliness, safety, wages and leave/ holidays of the workers. The companies who are fulfilled the criteria of the Factories Act in relation to number of worker, manufacturing process premises for the manufacturing process they have to register their company under the Factories Act. If the owner/occupier violet the any provision of the Act, the penalties will be imposed on them by way of imprisonment or fine or both under the Factories Act, 1948. The table below shows you how much penalties the owner/occupier will have to bear for the offence he committed.

Offence Vs Penalties

Any Contravention of the provision of this act by Occupier or manager of the factory = Imprisonment upto 2 year or fine upto Rs. 100,000/- or both

Contravention is continued after conviction = Rs. 10,000/- per day

Contravention of any of the provision resulted in an accident causing death = Fine shall not been less than Rs. 25,000/-

Serious Body injury = Rs. 5,000/-

Penalty for obstructing Inspector = Imprisonment upto 6 month or fine upto Rs. 10,000/- or both Penalty for wrongfully disclosing results of analysis under Section 91 = Imprisonment upto 6 month or fine upto Rs. 10,000/- or both

Penalty for contravention of the provision of section 41B, 41C, 41H in case the failure or contravention continues = Imprisonment for 7 years and with fine which may extend to Rs. 20,000/-. Additional fine Rs.5,000/- for every day during such failure or contravention continues.

Workers Contrivances any provision of this act = Rs. 50,000/-

Penalty for using false certificate of fitness = Imprisonment upto 2 year or fine upto Rs. 1,000/or both

Penalty for permitting double employment of child = Rs.1,000/-

Important provisions of the Factories Act, 1948 as follows :

• No adult worker shall be required or allowed to work in a factory:- (i) for more than forty-eight hours in any week; and/ or (ii) for more than nine hours in any day.

• Where a worker works in a factory for more than nine hours in any day or for more than fortyeight hours in any week, he shall, in respect of overtime work, be entitled to wages at the rate of twice his ordinary rate of wages. The 'ordinary rate of wages' means the basic wages plus such allowances, including the cash equivalent of the advantage accruing through the concessional sale to workers of food grains and other articles, as the worker is for the time being entitled to, but does not include a bonus and wages for overtime work.

• Where a worker is deprived of any of the weekly holidays, he shall be allowed, within the month in which the holidays were due to him or within the two months immediately following that month, compensatory holidays of equal number to the holidays so lost.

• The periods of work of adult workers in a factory each day shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour.

• Every worker who has worked for a period of 240 days or more in a factory during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of - (i) if an adult, one day for every twenty days of work performed by him during the previous calendar year; (ii) if a child, one day for every fifteen days of work formed by him during the previous calendar year. In the case of a female worker, maternity leave for any number of days not exceeding twelve weeks.

In order to safeguard the health of the workers:

• Every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance and in particular accumulations of dirt.

• Effective arrangements shall be made in every factory for the treatment of wastes and effluents due to the manufacturing process carried on therein, so as to render them innocuous and for their disposal.

• Effective and suitable provision shall be made in every factory for securing and maintaining in every work room adequate ventilation by the circulation of fresh air; and such a temperature that will secure to workers reasonable conditions of comfort and prevent injury to health.

• No room in any factory shall be overcrowded to an extent injurious to the health of the workers employed therein.

• Every part of a factory, where workers are working or passing, shall be provided with sufficient and suitable lighting, natural or artificial, or both.

• In every factory effective arrangements shall be made to provide, at suitable points conveniently situated for all workers employed therein, a sufficient supply of wholesome drinking water.

In order to ensure safety of the workers:-

• Every dangerous part of any machinery shall be securely fenced and constantly maintained to keep it in position.

• No young person shall be required or allowed to work at any dangerous machine unless he has been fully instructed as to the dangers arising from it and the precautions to be observed as well as has received sufficient training in work at the machine.

• No woman or child shall be employed in any part of a factory for pressing cotton in which a cotton-opener is at work (subject to the given conditions).

• In every factory every hoist and lift shall be - (i) of good mechanical construction, sound material and adequate strength; (ii) properly maintained, and thoroughly examined by a competent person at least once in every period of six months.

• No person shall be required or allowed to enter any chamber, tank, vat, pit, pipe, flue or other confined space in any factory in which any gas, fume, vapour or dust is likely to be present to such an extent as to involve risk to the workers, unless it is provided with a manhole of adequate size or other effective means of egress.

Certain facilities to be provided to the workers:

• Every factory shall provide and maintain readily accessible first-aid boxes or cupboards equipped with the prescribed contents, and the number of such boxes or cupboards shall not be less than one for every one hundred and fifty workers ordinarily employed at any one time in the factory.

• In any factory wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.

• In every factory wherein more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters, rest rooms and lunch room, with provision for drinking water, where workers can eat meals brought by them, shall be provided and maintained for the use of the workers.
• In every factory wherein more than thirty women workers are ordinarily employed, there shall be a suitable room or rooms for the use of children under the age of six years of such women. Such rooms shall provide adequate accommodation, lighting and ventilation with clean and sanitary condition.

THE PAYMENT OF WAGE, 1936

With the growth of industries in India, problems relating to payment of wages to persons employed in industry took an ugly turn. The industrial units were riot making payment of wages to their workers at regular intervals and wages were not uniform. The industrial workers were forced to raise their heads against their exploitation. In 1926, Government of India wrote to local governments to ascertain the position with regard to the delays which occurred in the payment of wages to the persons employed in Industry. Material so collected was placed before the Royal Commission on Labour which was appointed in 1929. On the report of the Commission, Government of India re-examined the subject and in February, 1933 the Payment of Wages Bill, 1933, was introduced in the Legislative Assembly and circulated for the purpose of-eliciting opinions. A motion for the reference of the Bill to a Select Committee was tabled but the motion could not be passed and the Bill lapsed. In 1935 the Payment of Wages Bill, based upon the same principles as the earlier Bill of 1933 but thoroughly revised was introduced in the Legislative Assembly on 15th February, 1935. The Bill was referred to the Select Committee. The Select Committee presented its report on 2nd September, 1935. Incorporating the recommendations of the Select Committee, the Payment of Wages Bill, 1935 was again introduced in the Legislative Assembly.

STATEMENT OF OBJECTS AND REASONS

In 1926 the Government of India addressed local governments with a view to ascertain the position with regard to the delays which occurred in the payment of wages to persons employed in industry, and the practice of imposing fines on them. The investigations revealed the existence

of abuses in both directions and the material collected was placed before the Royal Commission on Labour which was appointed in 1929. The Commission collected further evidence on the subject and the results of their examination with their recommendations will be found on pages 216-221 and 236-241 of their Report. The Government of India re-examined the subject in the light of the Commission's Report and in February, 1933 a Bill embodying the conclusions then reached was introduced and 10 (4) The Punjab Payment of Wages (Procedure) Rules, 1965 circulated for the purpose of eliciting opinion. A motion for the reference of the Bill to a Select Committee was tabled during the Delhi session of 1933-34, but was not reached, and the Bill lapsed. The present Bill is based upon the same principles as the original but has been revised throughout in the light of the criticisms received when die original Bill was circulated. ACT 4 OF 1936 The Payment of Wages Bill, 1935 having been passed by the Legislative Assembly received its assent on 23rd April, 1936. It came on the Statute Book as THE PAYMENT OF WAGES ACT, 1936 (4 of 1936).

LIST OF AMENDING ACTS, ORDINANCE AND ADAPTATION ORDERS

- 1. The Government of India (Adaptation of Indian Laws) Order, 1937.
- 2. The Repealing and Amending Act, 1937 (20 of 1937).
- 3. The Payment of Wages (Amendment) Act, 1937 (22 of 1937).
- 4. The Payment of Wages (Amendment) Ordinance, 1940 (3 of 1940).
- 5. The Indian Independence (Adaptation of Central Acts and Ordinances) Order, 1948.
- 6. The Adaptation of Laws Order, 1950.
- 7. The Part B States (Laws) Act, 1951 (3 of 1951).
- 8. The Payment of Wages (Amendment) Act, 1957 (68 of 1957).
- 9. The Payment of Wages (Amendment) Act, 1964 (53 of 1964).
- 10. The Central Labour Laws (Extension to Jammu and Kashmir) Act, 1970 (51 of 1970).
- 11. The Repealing and Amending Act, 1974 (56 of 1974).
- 12. The Payment of Wages (Amendment) Act, 1976 (29 of 1976).

- 13. The Payment of Wages (Amendment) Act, 1977 (19 of 1977).
- 14. The Payment of Wages (Amendment) Act, 1982 (38 of 1982).
- 15. The Payment of Wages (Amendment) Act, 2005 (41 of 2005). STATEMENT OF

OBJECTS AND REASONS

Relating to the Amendment of 2005 The Payment of Wages Act, 1936 was enacted with a view to ensuring that wages payable to employed persons covered by the Act were disbursed by the employers within the prescribed time limit and that no deductions other than those authorised by law were made by them. The last amendment was made in 10 (4) The Punjab Payment of Wages (Procedure) Rules, 1965 1982 and several provisions of the Act have become obsolete over the years. Many proposals have been received by the Government for amending various provisions which are creating practical difficulties in enforcement of this Act. In order to bring this law in uniformity with other labour laws as also to make it more effective and practicable, it is proposed to make, inter alia, the following changes:— (i) Enhancing the wage ceiling of Rs. 1600 per month to Rs. 6500 per month: The then existing ceiling of Rs. 1000 per month was last revised to Rs, 1600 per month in 1982. Since then a large number of employed persons have gone out of the purview of the Act due to successive rise in wages levels resulting from rise in the cost of living. Thus, with a view to covering more employed persons, it is proposed to enhance the wage ceiling from Rs. 1600 per month to Rs. 6500 per month. (ii) To substitute the expressions "the Central Government" or "a State Government" by the expression "appropriate Government": In Parliamentary enactments relating to labour, other than the Payment of Wages Act, 1936, the enforcing authorities are either the Central Government or the State Governments depending upon the nature of industry. However, for implementing the Payment of Wages Act, 1936, matters are referred to the State Governments and quite often action required to be taken by them is delayed. In order that this law is in conformity with the other labour laws, it is proposed to introduce the concept of "appropriate Government". (iii)Removing the ambiguities/weakness from the extant provisions of the Act and prescribing more effective grievance redressal: Over the years, it has been noticed that certain provisions of the Act have been differently interpreted thus leading fo administrative difficulties in implementing the same. In order to remove ambiguities, appropriate changes are being proposed in sections 3, 7, 8 and 15 of the

Act which respectively deal with responsibility for payment of wages, deductions from wages fines and claims in certain cases. (iv)Strengthening compensation and penal provisions of the Act: The penal provisions of the Act have become almost insignificant due to passage of time as well as decrease in money value since these provisions were last amended in 1982. It is, therefore, proposed to make the penal provisions 10 (4) The Punjab Payment of Wages (Procedure) Rules, 1965 more stringent by enhancing the quantum of penalties by amending section 20 of the Act. 2. The Bill seeks to achieve the above objects.

SMART TECHNOLOGY

IoT comprises things that have unique identities and are connected to internet. By 2020 there will be a total of 50 billion devices /things connected to internet. IoT is not limited to just connecting things to the internet but also allow things to communicate and exchange data. Definition: A dynamic global n/w infrastructure with self configuring capabilities based on standard and interoperable communication protocols where physical and virtual —things have identities, physical attributes and virtual personalities and use intelligent interfaces, and are seamlessly integrated into information n/w, often communicate data associated with users and their environments.

Characteristics:

1) Dynamic & Self Adapting: IoT devices and systems may have the capability to dynamically adapt with the changing contexts and take actions based on their operating conditions, user's context or sensedenvironment. Eg: the surveillance system is adapting itself based on context and changing conditions.

2) Self Configuring: allowing a large number of devices to work together to provide certain functionality.

3) Inter Operable Communication Protocols: support a number of interoperable communication protocols and communicate with other devices and also with infrastructure.

4) Unique Identity: Each IoT device has a unique identity and a unique identifier(IP address).

5) Integrated into Information Network: that allow them to communicate and exchange data with other devices and systems.

Applications of IoT:

1) Home

2) Cities

3) Environment

4) Energy

5) Retail

6) Logistics

7) Agriculture

8) Industry

9) Health & LifeStyle