

ENTREPRENEURSHIP

We learn about the following in this chapter:

- *Meaning of Entrepreneurship*
- *Role and importance of entrepreneurship.*
- *Self-employment opportunities*
- *Self employment schemes*
- *Profile of some successful entrepreneurs.*

Entrepreneurship constitute the driving force of to-day's market economy. It is one of the four main economic factors namely land, labour, capital and organisation. It is a very powerful factor in changing the business environment of a country and its entire industrial sector.

Meaning of Entrepreneur

The word entrepreneur is derived from the French word 'Entreprende', which means to undertake some activity. Entrepreneur is an innovator of new ideas and business processes. He possesses management skills and strong team building abilities and essential leadership qualities to manage the business. He exercises initiative by organising a venture to take the benefit of an opportunity. In business, the entrepreneur decides what, how and how much of goods and services to be produced. He comes up with new ideas for product's market or techniques. To put it in simple words an entrepreneur is someone who perceives opportunity, organises resources needed for exploiting the opportunity and exploits it. Computers, mobile phones, washing machines. ATM's, courier service and instant foods are some of the examples of entrepreneurs ideas that got converted into products or services.

Entrepreneurship : Entrepreneurship is a process of a action of an entrepreneur who undertakes to establish his enterprise. Entrepreneurship is a creative activity. It is the ability to create and build something. It is a knack of sensing the opportunity where others see chaos, contradiction and confusion.

Entrepreneurship is the attitude of mind to seek opportunities, take calculated risks and derive benefits by setting up a venture which comprises of numerous activities involved in it. Entrepreneurship is a process. It is not a combination of some stray incidents. It is purposeful and organised search for change. Entrepreneurship is a philosophy. It is the way one thinks, one acts and therefore it can exist in many situations, let it be business or government or in the field of education, science and technology or poverty alleviation or any others.

Characteristics of an Entrepreneur:

- Creativity
- Dynamism
- Team building
- Problem solving
- Risk taking
- Commitment.
- Innovation
- Leadership
- Achievement motivation
- Goal orientation
- Decision making

Functions of Entrepreneur: An entrepreneur has to perceive opportunities, plan, organise resources and oversee production, marketing. He infuses motivation among his assistants. Most importantly he has to innovate and bear risk. The main functions of an entrepreneur are:

- Entrepreneur starts business activity by preparing various plans relating to business
- He organises factors of production.
- He takes decisions about product, technology, marketing, employment etc.,
- He co-ordinates things effectively.
- He handles budget of his concern
- He bears risk and uncertainty.
- He gives directions to the business firm and ensures its effective operation.

Role and importance of an entrepreneur.

Entrepreneurs are the business leaders, They look for ideas and put them into practice in nurturing economic growth and

development. They play the most important role in the economic growth and development of a country's economy. Entrepreneurs play a pivotal role not only in the development of industrial sector of a country but also in the development of agriculture and service sector. The major role played by the entrepreneurs in the economic development is as follows:

1. Entrepreneurs promote capital formation by mobilizing the idle savings of the citizens. They employ resources for setting up their enterprises.
2. Entrepreneurs provide large scale employment to artisans, technically qualified persons and professionals.
3. Entrepreneurs help the country to increase the Gross Domestic product (GDP) and per capita income.
4. Entrepreneurs encourage effective mobilization of skill, bring in new products and services and develop market for the growth of the economy
5. Entrepreneurs enable the people to avail better quality goods at lower prices which results in the improvement of their standard of living.
6. Entrepreneurs promote development of Industries. They help to remove regional disparities by industrialising rural and backward areas.
7. Entrepreneurs contribute towards the development of society by reducing concentration of income and wealth.
8. Entrepreneurs promote country's export trade.
9. Entrepreneurs work in an environment of changing technology and try to maximise profits by innovations.

Importance of Entrepreneurs

Entrepreneurs occupy a central position in a market economy. They serve as the "Spark plug" in the economy's engine, activating and stimulating all dynamic activities. For the economic progress of a nation and to spread its activities world wide. So they must be encouraged and rewarded. A society becomes prosperous only when

it rewards and encourages the entrepreneurial activities because it is they and their activities. Which are the critical determinants for success, prosperity, growth and opportunity in the economy. The most dynamic societies in the world are those that have more entrepreneurs. Entrepreneurs promote capital formation by mobilising the idle savings of the public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities tends to value addition and creation of wealth, which is very essential for the industrial and economic development of a country. It is the entrepreneurial energy, creativity and innovation that trigger the production and sale of new products and services. It is the entrepreneur, who undertakes the risk of the enterprise in search of profit and seeks opportunities to earn profit and strives hard to satisfy the needs.

Self employment opportunities for entrepreneurship

The self-employed are a backbone of a nation. The corner tea shop, mom-and-pop grocery, scrap dealer and the internet cyber shops are some of the examples of self employed entrepreneurship. Encouragement and help to compete in the global economy is very essential. The Government of India has been at the forefront to promote private entrepreneurship by providing the right socio-economic eco - system for innovation and development. The key to transforming an individual from being “self employed” to become an “entrepreneur” is the establishment of a business organisation. The Ministry of Micro, small and Medium enterprises is the off-beat of this change. As majority of new business entities are launched with minimum capital and maximum vision, any individual interested in setting up an unit has a vast opportunity to select any form of business which he/she thinks feasible. For example they can select business such as:

- 1) Advertising agencies
- 2) Marketing consultancy.
- 3) Industrial consultancy.
- 4) Equipment rental and leasing.
- 5) Photocopying centres
- 6) Industrial Research and Development.

- 7) Industrial testing labs.
- 8) Internet browsing/setting up of cyber cafe.
- 9) Installation and operation of cable and T.V network.
- 10) Beauty parlours.

Self employment Schemes:

Finance is one of the essential requirement to start an enterprise. Without adequate funds, no business can be started or developed. To meet this requirement, the governments both at the Central and State levels have set-up several financial institutions. These financial institutions help even small scale industries by providing loans.

Some of the important financial institutions are:

- 1) Industrial Development Bank of India (IDBI)
- 2) National Bank for Agriculture & Rural Development (NABARD)
- 3) Export and Import Bank (EXIM BANK)
- 4) Small Industries Development Bank of India (SIDBI)
- 5) Industrial Finance Corporation of India (IFCI)
- 6) Industrial Credit & Government Corporation of India (ICGCI)
- 7) Industrial Re-construction Bank of India.
- 8) Commercial & other Banks
- 9) State Finance corporations.
- 10) Life Insurance Corporation of India (LIC)
- 11) Unit Trust of India (UTI)

Promotional organisations:

Government at State and Central level have introduced many measures to support the growth and development of entrepreneurs. A number of promoting agencies and institutions have been setup to help emerging entrepreneurs to start especially small & medium scale enterprises. These institutions support the entrepreneurs in respect of training, financing and marketing. Some such institutions are:

- 1) District Industrial Centres (DIC's)
- 2) Small Industries Development Corporation Ltd (SIDC)
- 3) National Small Industries Corporation (NSIC)
- 4) Small Scale Industries Board
- 5) Small Industries Service Institutions (SISI)
- 6) Industrial Estates.
- 7) Khadi & Village Industries Corporation
- 8) Technical Consultancy Organisation.

District Industrial Centres (DIC's)

These centres were established in the year 1978 with a focus to provide integrated administrative support for promotion of small scale industries in rural areas. These centres act as a chief co-ordinators in respect of various government and other agencies. DIC's provide a single window interacting agency to the budding entrepreneurs at district levels. They provide:

- 1) Technical support for preparation of project report.
- 2) Information on machinery and equipment
- 3) Promotion of new Industrial Estates.
- 4) Approval of Project reports of special types.
- 5) Training through Entrepreneurship development programmes.
- 6) Allotment of raw materials .
- 7) Financial assistance under self-employment schemes.
- 8) Assistance under equipment leasing scheme through NSIC.
- 9) Assistance in marketing linkage with central government.
- 10) Assistance in ancillary industry tie-up with government undertakings.
- 11) Marketing assistance through participation in exhibitions/ trade fairs/buyers-sellers meet.
- 12) Attending problems related to SSI registration/Bank loan/ marketing production.
- 13) Financial assistance for modernisation of units.
- 14) Export assistance.
- 15) Assistance in sick unit revitalisation.

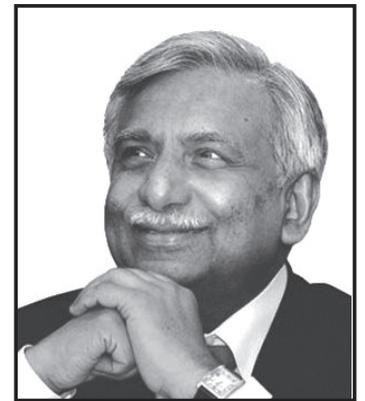
- 16) Promoting entrepreneurship through National level awards for innovative products.
- 17) Promotion of products under non-conventional energy source.
- 18) Assistance in standardisations of products.
- 19) Assistance in design and product development for handicrafts.

Profile of some successful Entrepreneurs.

Dr. Pratap Reddy:- He developed India's first Hospital group, "The Apollo Hospitals". He revolutionised India's whole health care sector and to-day it has over 750 corporate hospitals on modern lines throughout the country. The idea came to Dr. Reddy, when a patient, who could not make it to go to Texas in America for open heart surgery. Dr. Reddy created a medical infrastructure in India which made medical care more affordable and accessible for every one.



Naresh Goyal : He is the founder and chairman of "Jet Airways". It is India's largest domestic airlines under private sector. After his graduation he worked in a travel business. By 1974 Goyal started to look after sales and marketing of a foreign airlines in India. In 1991, Goyal took advantage of the open sky policy of Indian Government and set-up. Jet Airways for operation of scheduled air service for domestic flights in India.



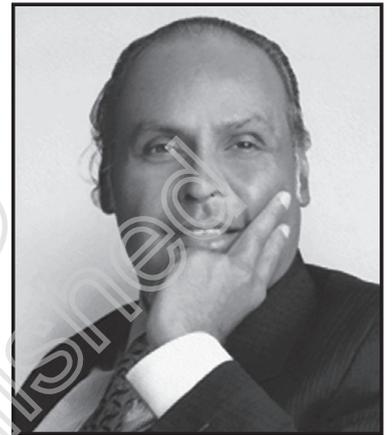
Narayan Murthy : He is one of the founders of "Infosys Technologies Ltd.," in 1999. Infosys became the first Indian company to be listed on NASDAQ (National association of Securities Dealers Automated Quotations). By 2006, the company employed over 50000 people and had a turnover of two billion dollars. Murthy has always believed that honesty, transparency and moral integrity are the key factors for the success.



Varghese Kurien : He is the renowned Indian social entrepreneur and is best known as the “Father of the White Revolution” for his millions of liters of milk flow, Kurien was the leading personality in agricultural development programme. Amul milk and milk products is the achievement of Kurian. He established small scale Anand milk dairy in Kaira district in Gujarat state and it is the largest dairy development enterprise in India.



Dhirubhai Ambani: He was the most enterprising Indian entrepreneur. His life journey is reminiscent of the rags to riches story. He is remembered as the one who rewrote Indian corporate History and build a truly global corporate group. Dhirubhai Ambani alias Dhiralal Hirachand Ambani's father was a school teacher. Dhirubhai Ambani started his entrepreneurial career by selling “bhajan books” to pilgrims in Mount Girnar during the weekends. After doing his matriculation at the age of 16. Dhirubhai moved to Aden in Africa. He worked there as a Gas-station attendant and as a clerk in a oil company. He returned to India in 1958 with Rs. 5,0000/- and set up a textile trading company. His business had diversified into a core specialisation in petro-chemicals with additional interests in tele-communications, information technology, energy, power, retail textiles, infrastructure services, capital markets and logistics. The Reliance company which is started by him is one of the important entrepreneurships in the world.



Azim Premji: He is the chairman of Wipro Technologies which is one of the largest software companies in India. When he was a student Premji was summoned home due to the death of his father. During the Annual General Body meeting one of the shareholders advised Premji to sell his shares. This made Premji more



determined to make his company a successful enterprise. To-day Wipro Technologies is the largest independent Research and Development (R.D) provider.

Ektakpoor: She is known as the Queen of Indian Television sector. She is the creative Director of “Balaji Telefilms” and was awarded the best entrepreneur of the year 2001 by the Ernest Young. At nineteen she ventured into T.V. Production arena.



Kiran Mazumdar Shah: She is the Chairman and Managing Director of Biocon Ltd., the largest Bio-technology company in India. She started Biocon in 1978 in a rented garage, faced with variety of problems and challenges because biotechnology was a new field and a woman entrepreneur promoted such an enterprise was very rare. She crossed over all entrepreneurial barriers and made Biocon a success.



EXERCISES

I. Fill in the blanks with suitable words:

1. The word entrepreneur has come from the French word _____ .
2. The process of action an entrepreneur undertakes to establish an enterprise is called _____ .
3. District Industrial Centres were started in the year _____
4. The person who developed Apollo Group of hospital was _____ .
5. The chairperson of Wipro is _____ .

II. Discuss the following questions in group and then answer.

1. Who is an entrepreneur?

2. “Entrepreneurship is a creative activity”. How?
3. What are the characteristics of Entrepreneurship?
4. Explain the importance of an entrepreneur.
5. What is the part played by the District centres in the development of Entreprises?

III. Activity:

1. Visit an enterprise near your place and collect information about the workers.
2. Collect information about various enterprises through internet.
3. Collect the photographs of famous entrepreneurs of India.

IV. Project Work:

Arrange for an interview with your nearby entrepreneur and collect detailed information about how he/she has built up that enterprise and prepare a report.

