STUDY NOTE

UG : SEMESTER----2

Subject: Entrepreneurship Development

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LECTURE NO. 02

**Unit-2:**

Discussion Topic: Requirement, availability and access to finance, marketing assistance, technology, and industrial accommodation, Role of industries/entrepreneur’s associations and self-help groups,

Answer:

**INSTITUTIONAL SUPPORT SYSTEM**

The emergence of Entrepreneurship in a society depends on several influencing factors. The most important among them are considered to be the individual, environment, Socio-economic support system and institutional setup. The environment and the institutional setup are considered to be exerting direct influence on entrepreneurship. The support system and institutional setup would include Entrepreneurship Development Organizations, extension, research and consultancy services as well as large industrial units interested in developing ancillary industries. An attempt is made here to give a bird's eye view of Entrepreneurship Development Organisations in India and the State of Kamataka.

Following are the main division of promotiorial agencies which are engaged in development of Entrepreneurship in India.

**A. Governmental Agencies at State Level**

Gujarath is first state in India which spontaneously responded to the development of Entrepreneurship in the country. In Kamataka, some important institutes which are playing that crucial role in the development of Entrepreneurship.

1. Center for Entrepreneurship Development of Kamataka (CEDOK)

2. District Industries Centre (DIC)

3. Kamataka State Industrial Investment and Development Corporation Limited (KSIIDC)

4. Kamataka Industrial Area Development Board (KIADB)

5. Kamataka State Small Industries Development Corporation (KSSIDC)

6. Kamataka State Financial Corporation (KSFC)

7. Technical Consultancy Services Organization of Kamataka (TECSOK)

8. Kamataka State Coir Development Corporation Limited (KSCDC)

9. Kamataka State Handicrafts Development Corporation (KSHDC)

10. Kamataka Khadi and Village Industries Commission (KKVIC)

11. Kamataka Leather Industries Development Corporation (LIDKAR)

12. Institutional Setup for Women Entrepreneurship in Kamataka.

**B. Governmental Agencies at National Level**

1. State Bank of India (SBI)

2. Entrepreneurship Development Institute of India (EDII).

3. National Institute for Entrepreneurship and Small Business Development (NIESBUD)

4. Institute of Entrepreneurship Development (IED).

5. Indian Institute of Entrepreneurship (HE).

6. Science and Technology Entrepreneurship Parks (STEPs)

7. National Alliance of Young Entrepreneurs (NAYE).

8. Technical Consultancy Organizations (TCOs)

9. National Small Industries Corporation (NSIC)

10. Development Corporations like IDBI, ICICI, IFCI etc.

11. Small Industry Development Organization (SIDO)

12. Small Industries Service Institute (SISI)

13. National Research Development Corporation of India.

14. Small Industry Development Bank of India.

15. National SC/ST Finance and Development Corporation (NSFDC)

16. Lead Banks, Commercial Banks.

17. Life Insurance Corporation of India.

18. Unit Tmst of India.

19. National Bank for Agricultural and Rural Development (NABARD).

**C. Non-Government Organizations (NGOs)**

The following are some NGOs playing their role for the development of Entrepreneurship in the Country.

1. Rural Development and self-employment Training Institute (RUDSETI), Chitradurga.

2. Self Employed Women's Association (SEWA)

Along with the above, some Entrepreneurial Development Schemes declared by the government from time to time are also playing an important role for the increasing entrepreneurship among the country. They are :

1. PMRY (Prime Minister's Rozgar Yojana) for Urban Micro Entrepreneurs

2. Jawahar Rozgar Yojana

3. Walmiki Ambedkar Yojana etc.

**Directorate of Industries and Commerce**

This is the primary Governmental agency responsible for promoting industrial growth. It operates through the District Industries Centre (DIC) which are located in the head quarter of each district.

1. District Industries Centre (DIC)

Government at both the levels have in the past taken a number of measures for the development of industries but the actual achievement have been far below the expectations. Also focus of attention for industrial development was mainly on large cities to the neglect of district areas. Accordingly, the DIC were established in May 1978 in order to cater to the needs of small units. Each district has a DIC at its head quarters. The main responsibility of DICs is to act as chief multifunctional agency in respect of various Government departments and other agencies. The prospective small entrepreneurs would get all assistance from DIC for setting up and running an unit. At the end of March 1999, 422 District Industries Centres have been setup in the county, 431 districts were in operation. These DICs have assisted more than 1.5 lakh units generating employment for more than 10.3 lakh persons. But the metropolitan cities of Delhi, Mumbay, Kolkata and Chennai have been kept outside the purview of the DIC. Each DIC has one General Manager (GM) in the rank of joint director of industries as the head and seven managers like four Functional managers, three project managers, each looking after a separate functional area which are as follows:

Organisational Setup of DIC

The G.M has to provide on Effective leadership and Co-Ordination. Hence, The success of the center depends upon the functioning of G.M and his team of managers and other personnel. At the sub-divisional level, there could be Assistant Director of industries and industry promotion officer. Each DIC has Deputy Resource person who conducts EDPs, in accordance with the guidelines issued by Center for Entrepreneurship Development of the respective state.

Functions:

DIC's role is mainly promotional and developmental. To attain this end, it has to provide needed services and support to small and village Industries. Its various functions include the following:

1) DIC identifies prospective entrepreneurs by conducting entrepreneurial motivational programmes throughout the district. DIC gives training to rural entrepreneurs and also assists other units giving training to small entrepreneurs. EDPs, are an important aspect of industrialization since the entrepreneur may be highly qualified but still he may not be familiar with the different aspects and steps required in setting up of an industrial venture. DICs have been conducting EDPs in association with SISI and various TCOs to develop Entrepreneurial skills in the young entrepreneurs.

2) DIC offers Technical advice to new entrepreneurs for the selection of projects suitable to them.

3) DIC provides provisional and permanent registration to new entrepreneurs. Entrepreneurs are issued with Provisional SSI registration which is essential for obtaining assistance from the financial institutions.

4) DIC sponsors the loan application to SIDCO and Banks for the purchase of fixed assets and sanction margin money under Rural industries project loan scheme payable to other financial agencies for the purchase of fixed assets.

5) It takes the initiative to get clearance from department and takes follow up measures to get speedy power connection.

6) It makes necessary recommendation to the concerned raw-material suppliers and issues the required certificates for the import of Raw material and machinery.

7) DIC arranges for the financial assistance with the lead bank of the respective areas.

8) DIC assists SSI units and rural artisans to get subsidies under IRDP from various institutions.

9) It assists under self-employment for unemployed educated youth scheme introduced in 1983-84 for youths between 18-25 years with SSLC qualification.

**Centre for Entrepreneurship Development (CED)**

For institutionalising the entrepreneurial development activities at the state level, CED came into existence. Gujarath is the first state in India which spontaneously responded to the need for development of entrepreneurship in the country. Thus, Gujarath is the most progressive state in India which manifested itself in the setting up of CED in Ahmedabad in may 1970 with the joint collaboration of the four state level institutions namely GIDC, GSIC, GIIC, and GSIC as well as IDBI, IFCI, and ICICI. Government of Gujarath, SFC, and Commercial banks provided special financial assistance to set up this national Centre, for entrepreneurship development in the country. Gujarath government has played a pioneering role in the promotion of EDP in the country. It is conducting a series of innovative programmes since 1970.

**Broad Objective of CED**

CED was committed to achieve the following objectives:

1. To promote indigenous Entrepreneurship in the country.

2. To help other state level agencies in the promotion of EDPs

3. To conduct EDP in the state

4. To encourage innovative policies and programmes in Entrepreneurship formation.

5. To render valuable services in the identification and training of new Entrepreneurs.

6. To provide infrastructural facilities for the promotion of sound base of Entrepreneurship.

7. To alleviate the increasing unemployment among the fairly educated graduates of the country by imparting training in Entrepreneurship Development. It calls for the innovative approaches in every field of Entrepreneurship Development. It also extends the liberal follow-up support to all the successful entrepreneurs to setup their own small scale units m the state. From 1970-79, almost for a decade, EDPs were carried out as on auxiliary activity in Gujarath under the aegis of GIIC which setup a separate wing for this purpose.

**Small Industries Service Institutes (SISIs)**

A SISI a pioneer in industrial extension work is a multipurpose institution. It is by and large an advisory agency rendering services to Small Scale Industries and to government departments, semi public institutions and other agencies directly and indirectly responsible for the development of the Small Scale Sector but it has no authority to enforce the proposal or advice. There are more than fifteen SISs set up by the Government of India, they conduct programmes primarily for fresh engineers and unemployed science graduates.

**Objectives**

Unique objectives of SISIs are

• Identification of projects.

• Preparation of project reports.

• Managerial consultancy services.

• Conducting EDP, technical Management programmes.

• Common facilities workshop services.

• Demonstrations, training programmes on consumer goods etc.

**Organisation**

The SISI has normally the following divisions, each headed by a deputy director or assistant director or as the case may be.

• Administrative including accounts.

• Industrial management and training.

• Economic investigation.

• Mechanical division.

• Electrical including electronics.

• Metallurgy division.

• Chemicals division.

• Leather ceramic and glass.

• Industrial design division.

**Functions**

The functions of the SISI include,

• Policy advisory service.

• Technical advisory service.

• Workshop and laboratory service.

• Management consultant services.

• Economic services, economic data and preparation of Feasibility report.

• Industrial extension and other promotional programme like Financing, export promotions, Research.

• Design and development of appropriate technology.

• Ancillary Development.

• Training of workers, foreman, Managers, etc.

• Promotion of entrepreneurship and development of small industries in rural and other under developed areas.