

ENTREPRENEURSHIP DEVELOPMENT AND BUSINESS COMMUNICATION

Class: B. Sc. (Hons.) Agriculture Part- III, Sem- I

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Lecture No	Course Content (Theory)
1,2,3	Entrepreneur: Meaning, definition, characteristics and role demands of entrepreneur, identifying potential entrepreneurs.
4,5,6	Entrepreneurship Development – Concept of entrepreneurship, process of entrepreneurship development, importance of planning, monitoring and follow-up, managing competition, entrepreneurship development programmes.
7,8	Characteristics of Indian Agricultural Processing and Export Industry.
9,10	SWOT analysis, generation, incubation and commercialization of ideas and innovations.
11,12	Entrepreneurial behavior – Concept dimensions, factors affecting entrepreneurial behavior.
13,14	Government schemes and incentives for promotion of e entrepreneurship. Government policy on small and Medium Enterprises (SMEs) SSIS.
15	Market survey, formulation of project, financial analysis of project.
16,17	Communication Skills. Communication – Meaning and process of communication. Advertisement- Meaning, types, forms, functions.
18	Writing Skill: Business letter, Letters of inquiry, quotation orders, and tenders, complaints letters.

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1. ENTREPRENEUR:

Meaning, definition, characteristics and role demands of entrepreneur, identifying potential entrepreneurs

INTRODUCTION

Entrepreneur is an Economic Agent who plays a vital role in the economic development of a country. Economic development of a country refers steady growth in the income levels. This growth mainly depends on its entrepreneurs. An Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits.

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner.

CONCEPT OF ENTREPRENEUR

The word “Entrepreneur” is derived from the French verb ‘**entrepredre**’. It means ‘**to undertake**’. In the early 16th century the Frenchmen who organized and led military expeditions were referred as ‘Entrepreneurs’. In the early 18th century French economist **Richard Cantillon** used the term entrepreneur to business. Since that time the word entrepreneur means one who takes the risk of starting a new organization or introducing a new idea, product or service to society.

DEFINITION OF ENTREPRENEUR

Entrepreneur is one who buys factor services at certain price with view to selling their product at uncertain prices in the future. (**Richard Cantillon**)

Entrepreneur is one who organizes, operates and assumes the risk in a business venture in an expectation of making a profit

An entrepreneur is one who initiates & establishes an economic activity or enterprise. (**Pareek & Nadkarni**)

Entrepreneur is person who organizes productive recourses to make goods and services.

Entrepreneur is an organizer intending production, adding value to economy, creating new business venture through his knowledge, passion, dreams and desires etc.

DEFINITION OF ENTREPRENEURSHIP

Entrepreneurship is the process of identifying opportunities in the market place, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services. **(Cole)**

The above definitions highlights risk bearing, innovating and resource organizing aspects and an individual or group of people achieve goal through production or distribution of products or services. To conclude entrepreneurship is set of activities performed by an entrepreneur thus, entrepreneur proceeds entrepreneurship.

CHARACTERISTICS OF ENTREPRENEUR

Entrepreneur is a key figure in economic progress. He is the person who introduces new things in the economy. He is considered as the business leader and not as simple owner of capital. He is a person with telescopic faculty, drive and talent who perceives business opportunities and promptly seizes them for exploitation. M.M.P. Akhouri, formerly Executive Director, National Institute for Entrepreneurship and Small Business Development (NIESBUD), New Delhi, describes entrepreneur “as a character who combines innovativeness, readiness to take risk, sensing opportunities, identifying and mobilizing potential resources, concerns for excellence and who is persistent in achieving the goal.”

To be successful, an entrepreneur should have the following characteristic features.

- 1. Need to achieve:** Entrepreneurs have got strong desire to achieve higher goals. Their inner self motivates their behavior towards high achievement: most of the people dream of success but do not take any action towards achieving these dreams. Entrepreneurs with high n-Ach factor act continuously to achieve the goal and make their dreams come true. For them, winning is achievement.
- 2. Independence:** Most of the entrepreneurs start on their own because they dislike to work for others. They prefer to be their own boss and want to be responsible for their own decisions.

- 3. Risk-bearing:** Entrepreneurs are the persons who take decisions under uncertainty and thus they are willing to take risk, but they never gamble with the results. They choose moderate risk rather than play wild gamble. They, therefore, undertake calculated risk which is high enough to be exciting, but with a fairly reasonable chance to win.
- 4. Locus of control:** According to Rotter's locus of control theory, an individual perceives the outcome of an event as being either within or beyond his personal control. Entrepreneurs believe in their own ability to control the consequences of their endeavor by influencing their socio-economic environment rather than leave everything to luck.
- 5. Perseverance:** Entrepreneur has got the quality of sticking to job he decides to undertake. Once committed to a specific goal and course of action, entrepreneurs become absorbed to it. They personally solve the problems that come across their way while setting up the project. They also work sincerely until the whole project is successfully implemented.
- 6. Positive self-concept:** Entrepreneurs are always positive in their action. Being an achiever, he directs his fantasies and dreams towards achievement of worthwhile goals and sets extraordinary standard of excellence in what he is doing. This is based upon his awareness of SWOT analysis, i.e. his strengths, weaknesses, opportunities and threats. He utilizes his positive knowledge to support his thinking. He never exhibits any negative attitude.
- 7. Ability to find and explore opportunities:** Entrepreneurs are always alert to opportunities. They are very much quick to see and grab opportunities. They exhibit an innovative turn of mind and convert the problems into viable opportunities. They plan intellectually and anticipate carefully how to achieve their goals in realizing an opportunity.
- 8. Hope of success:** Hope of success is a significant quality of entrepreneurial personality. Entrepreneurs set their goals with a hope of success rather than fear of failure. This is because they set their goals on the basis of facts and their ability to maneuver them to their advantage.
- 9. Flexibility:** Most of the successful entrepreneurs measure the pros and cons of a decision and tend to change if the situation demands. They never feel reluctant to revise their decisions. They are the persons with open mind without rigidity.
- 10. Analytical ability of mind:** Entrepreneurs are unaffected by personal likes and dislikes. They stand beyond these types of prejudices as they are realistic in their approach. At the time of their need they select experts rather than friends and relatives to assist them. They usually avoid emotional and sensitive attitude towards their business or problem.

11. Sense of efficacy: Entrepreneurs are always oriented towards action for accomplishment of their goals. Being confident of their abilities, they find themselves as problem solvers rather than problem avoiders. They chalk out their goals for future and make planning to achieve them.

12. Openness to feedback and learning from experience: Successful entrepreneurs like to have immediate feedback of their performance. They modify their plans on the basis of the feedback they receive from the environment around them. They learn from their experience and never get discouraged having received unfavorable information. On the contrary, they are stimulated by unfavorable information to involve themselves sincerely in their own tasks to reach their desired goals.

13. Confronting uncertainty: Successful entrepreneurs are always optimistic and take every odd as the opportunity. They maneuver their environment in such a way that the works get accomplished rationally. Thus, they win by the application of their extraordinary insight and skill.

14. Interpersonal skills: Entrepreneurs are always comfortable while dealing with people at all levels. They interact with raw material suppliers, customers, bankers, etc.. for different activities. As successful entrepreneurs, they should be persons who like working with others possessing the much needed quality of interpersonal skill to deal with people.

15. Need to influence others: Once the entrepreneurs set their goals, they have to play the roles of manager too. For influencing others (n Power), a low need to establish emotional relationship (low n Affiliation), and a high need to discipline one's own self (to inhibit over expression of their personality) are essential.

16. Stress takers: Entrepreneurs are capable of working for long hours and solving different complexities at the same time. As the captain of an industry or an enterprise, an entrepreneur faces a number of problems and in right moment he takes right decisions which may involve physical as well as mental stress. He can face these challenges if he has the capability to work for long hours and keep himself cool under monotony.

17. Time orientation: Entrepreneurs anticipate future trends basing upon their past experience and exposure. They stick to the time pragmatically while doing their jobs.

18. Innovators: Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new method of production, opening new markets and recognizing the enterprise.

19. Business communication skill: In order to motivate others in the business entrepreneurs must possess good communication skill. Both written and oral communication skills are necessary for the entrepreneurs for running enterprise efficiently.

20. Telescopic faculty: Successful entrepreneurs always tend to think ahead. They have got telescopic faculties which make them think for the future. Future orientation makes them quite alert to the changing conditions of the time and they tend to produce goods and commodities as per the changing demands.

21. Leadership: Entrepreneurs should possess the quality of leadership. Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goals. Entrepreneurs as the leaders should provide the necessary spark to motivation by guiding, inspiring, assisting and directing the members of the group for achievement of unity of action, efforts and purpose. Hence, entrepreneurs by their own leadership styles and behavior reduce the problems by proper handling of situations. Good administrative work depends upon effective leadership of the entrepreneur.

22. Business planning: Planning implies deciding in advance what, when and how to do a thing. Entrepreneurs should be equipped with skill and knowledge to prepare their business plan. A successful entrepreneur always follows the principles of management while planning for his business. The planning can act as a bridge between the present positions and expected future shape of the enterprise. It provides a sense of vision to the entrepreneurs to cope with risky and uncertain situation.

23. Decision making: Decision-making skill is a fundamental characteristic of an entrepreneur. This implies the function of choosing a particular course of action at every stage of creation of an enterprise out of several alternative courses for the purpose of achieving specified goals. Hence, decision making is necessary at all times and mostly at conditions of uncertainty and risk.

24. Ability to mobilize resources: Entrepreneurs must have the ability to marshal all the inputs to obtain the end product. They have to mobilize 6Ms, i.e. Man, Money, Material, Machinery, Market and Method effectively to realize the final product as entrepreneurship is a function of gap filling and input completing.

25. Self-confidence: Entrepreneurs must have self-confidence to accomplish the task effectively and efficiently. They must take decisions on their own in uncertain and risky situation and should stick to it confidently even if there occurs initial setbacks.

FUNCTIONS OF ENTREPRENEURS

An entrepreneur is an opportunity seeker. He is also the organizer and coordinator of the agents of production. He has to execute many a good functions while establishing a small scale enterprise. He not only perceives the business opportunities but also mobilizes the other resources like 5 Ms-man, money, machine, materials and methods. However, the main functions of the entrepreneurs are discussed further.

1. Idea generation: This is the most important function of the entrepreneur. Idea generation can be possible through the vision, insight, observation, experience, education, training and exposure of the entrepreneur. Idea generation precisely implies product selection and project identification. Ideas can be generated through environmental scanning and market survey. It is the function of the entrepreneurs to generate as many ideas as he can for the purpose of selecting the best business opportunities which can subsequently be taken up by him as a commercially-viable business venture.

2. Determination of objectives: The next function of the entrepreneur is to determine and lay down the objectives of the business, which should be spelt out on clear terms. In other words, entrepreneur should be very much clear about the following things:

- i. The nature of business
- ii. The type of business

This implies whether the enterprise belongs to the category of a manufacturing concern or a service -oriented unit or a trading business, so that the entrepreneurs can very well carry on the venture in accordance with the objectives determined by him.

3. Rising of funds: Fund raising is the most important function of an entrepreneur. All the activities of a business depend upon the finance and its proper management. It is the responsibility of the entrepreneur to raise funds internally as well as externally. In this matter, he should be aware of the different sources of funds and the formalities to raise funds. He should have the full knowledge of different government sponsored schemes such as PMRY, SGSY, REGP, etc. by which he can get Government assistance in the form of seed capital, fixed and working capital for his business.

4. Procurement of raw materials: Another important function of the entrepreneur is to procure raw materials. Entrepreneur has to identify the cheap and regular sources of supply of raw materials, which will help him to reduce the cost of production and face the competition boldly.

5. Procurement of machinery: The next function of the entrepreneurs is to procure the machineries and equipments for establishment of the venture. While procuring the machineries, he should specify the following details:

- i. The details of technology
- ii. Installed capacity of the machines
- iii. Names of the manufacturers and suppliers
- iv. Whether the machines are indigenously made or foreign made
- v. After-sales service facilities
- vi. Warranty period of the machineries

All these details are to be minutely observed by the entrepreneurs.

6. Market research: The next important function of the entrepreneur is market research and product analysis. Market research is the systematic collection of data regarding the product which the entrepreneur wants to manufacture. Entrepreneur has to undertake market research persistently in order to know the details of the intending product, i.e. the demand for the product, the supply of the product, the price of the product, the size of the customers, etc. while starting an enterprise.

7. Determination of form of enterprise: The function of an entrepreneur in determining the form of enterprise is also important. Entrepreneur has to decide the form of enterprise based upon the nature of the product, volume of investment, nature of activities, types of product, quality of product, quality of human resources, etc. The chief forms of ownership organizations are sole proprietorship, partnership, Joint Stock Company and cooperative society. Determination of ownership right is essential on the part of the entrepreneur to acquire legal title to assets.

8. Recruitment of manpower: Entrepreneur has to perform the following activities while undertaking this function:

- i. Estimating manpower need of the organization
- ii. Laying down of selection procedure

- iii. Devising scheme of compensation
- iv. Laying down the rules of training and development

9. Implementation of the project: Entrepreneur has to work on the implementation schedule or the action plan of the project. The identified project is to be implemented in a time-bound manner. All the activities from the conception stage to the commissioning stage are to be accomplished by him in accordance with the implementation schedule to avoid cost and time overrun, as well as competition. Thus, implementation of the project is an important function of the entrepreneur. To conclude with, all these functions of the entrepreneur can precisely be put into the following categories: (i) Innovation (ii) Risk bearing (iii) Organization and (iv) Management

Identifying Potential Entrepreneurs:-

It is very essential to identify potential entrepreneur to run business successfully. Entrepreneur is the soul of business venture and he should have good potentials. Potential entrepreneur can cope up the work of organization effectively. Such entrepreneurs having potential should be identified and developed by giving them training and exposures.

Following are the potentials which are necessary to make person to be good entrepreneur.

- 1. Knowledge of workers, customers and products:** - Entrepreneur must have detail knowledge about person/ workers in his unit. There are some fixed customers for certain commodity/ good/ products. So contact with similarly, he must have detail knowledge about product so that he can satisfy the clients/ customers.
- 2. Close supervision:** - Entrepreneur must have close contact with his unit. He must stay and supervise the work for long time. Only then he can know about needs and requirement of his unit.
- 3. Good listener:** - Entrepreneur should be a good listener. If there is some complaints about product from customers is not satisfied, he must listen him. Customer's satisfaction is important criteria for successful business. Sometimes there are problem of the workers. So entrepreneur should be able to listen them. Otherwise it may affect the production.
- 4. Cool and fair:** - Entrepreneur should not loose temper in all kind of worst situation. He should keep himself clam and quite at all times. He should understand the problem and handles the situation boldly. The type of attitude may help him in finding out solutions to overcome the problems.

5. **Responsibility:-**Entrepreneur should shoulder all the responsibilities of his business venture. He must be ready to face the problems. He should accept the challenges of any kind related to his enterprise. If he is not fully involved in his business, he may not be able to face problems. This will develop his courage and personality.
6. **Self assessment:** - Entrepreneur must know the strength and weakness of himself and his workers. There should not be any lacuna on his or his workers part they must improve themselves and their workers.
7. **Bold:-** Entrepreneur should be bold and fearless. He must have full information about his business and market. If times come from negotiation of any kind, he should not fear and negotiate the matter. He should be firm and bold about his business venture.
8. **Trust and confidence:** - Entrepreneur should have trust and confidence in his workers with whom he is working. If numbers of workers are more in an enterprise, team work is necessary. If there are conflicts in the team it affects production as well, as working badly. Trust and confidence only build up the team work.
9. **Fore seen problems:** - Entrepreneur should be capable to foresee the problems to be faced in relation to his enterprise like marketing, transportation, technology development etc. so as to avoid any breakdown of external or internal nature.

AGRI – ENTREPRENEURSHIP CONCEPT, NEED AND SCOPE

Amidst the changing paradigms and demanding global structure, India, in order to remain a front-runner needs to primarily focus on the agriculture sector, the backbone of the economy. This specialization will develop agri-preneurs with distinct traits and skills to exploit opportunities galore in the field of agriculture. Among the various strategies to promote planned growth in this sector, focus on promoting viable enterprises will certainly help exploit its operational efficiency to the hilt. Agriculture is the mainstay of the Indian economy because of its high share in employment and livelihood creation. It supports more than half a billion people providing employment to 52 per cent of the workforce. Its contribution to the nation's GDP is about 18.5 per cent in 2006-07. It is also an important source of raw material and demand for many industrial products, particularly fertilizers, pesticides, agricultural implements and a variety of consumer goods.

Agripreneurship: It is defined as generally sustainable, community oriented, directly marketed agriculture. Sustainable agriculture denotes a holistic, systems oriented approach to farming that focuses on the interrelationships of social, economic and environmental process.

Need for Agripreneurship:

- Increasing demand of organic and quality food both in India and abroad
- Competitive advantages for many primary production activities in agriculture. Ex: Rainfed farming, livestock and wild craft production is through low cost production technologies only.
- Private sector is willing to enter in to agribusiness at all levels of operation.
- To reduce malnutrition as majority of women and children in the country are malnourished.

Scope for entrepreneurship development in Agriculture:

- Technologies that reduce the cost of production and increase the benefit of the farmers will open new opportunities for agri-entrepreneurship.
- New technologies that are simple and time saving and keep away farmers from drudgery of labour will also provide opportunity for entrepreneurship in agriculture.
- Technologies that provide social and psychological benefits to farmers will also provide opportunity for entrepreneurship in agriculture.

On farm Activities:

Depending upon the geographical situation and resources availability, the possible areas of entrepreneurship in agriculture are:

1. **Agro produce processing units:** These units do not manufacture any new product. They merely process the agriculture produce. e.g., Rice mills, Dal mills, Decorticating mills etc.
2. **Agro produce manufacturing units:** These units produce entirely new products based on the agricultural produce as the main raw material. e.g., Sugar factories, Bakery, Strawboard units etc.
3. **Agro-inputs manufacturing units:** These units produce goods either for mechanization of agriculture or for increasing productivity. E.g., Fertilizer manufacturing plants, insecticides production units, food processing units, agricultural implements etc.
4. **Agro-service centers:** These include the workshops and service centers for repairing and serving the agricultural implements used in agriculture.

Off-Farm Vocations:

Entrepreneurship development is also profitable in different off-farm activities like cloth stitching, knitting, embroidery, cloth printing (tie and dye), carpet making, dari making, envelope and plastic bag making, agarbatti making, candle making, rope making, basket making, bamboo-work, distilled water making, oil extraction, chalk making, biogas mechanic, electric wiring, mason, carpentry, black smithy, solar mechanic, electrician, auto mechanic, welding, pottery, and other rural crafts. The possible areas of entrepreneurship in allied activities of agriculture This includes the activities like, Dairying, Sericulture, Goat rearing, Rabbit rearing, Floriculture, Fisheries, Shrimp farming, Poultry farming, Sheep rearing, Vegetable cultivation, Nursery farming, Grafting/budding, Farm forestry, etc...

2. ENTREPRENEURSHIP DEVELOPMENT

Concept of entrepreneurship, process of entrepreneurship development, importance of planning, monitoring and follow-up, managing competition, and entrepreneurship development programmes.

CONCEPT OF ENTREPRENEURSHIP

The term 'entrepreneurship' is often used synonymously with the term 'Entrepreneur' though, they are two sides of the same coin, conceptually they are different. The economic development of country depends on the availability of enthusiastic entrepreneurs. Entrepreneurship is recognized as essential ingredients of economic development. Thus entrepreneurs are persons who initiates organize, manage and control the affairs of business units that combine the factors of production to supply good and services, whether the business pertains to agriculture industry, trade or profession. The entrepreneurship is the practice of starting a new organization, particularly new business generally in response to defines opportunities which forms new business ventures.

To sum of the entrepreneurship is essentially a creative activity or it is an innovative function for running an enterprise.

Process of Entrepreneurship Development:-

The process of Entrepreneurship Development consist of three broad phases

1. Stimulatory Phase
2. Support Phase
3. Sustaining Phase

1. Stimulatory Phase: - The stimulatory activities help in the entrepreneurs in society. They prepare the background where from entrepreneurship can sprout. People starts looking for entrepreneurial pursuits. These generate the initial entrepreneurial motivation; help people perceive incentives and also offers opportunities to acquire relevant information and skill. All these taken together help stimulate entrepreneurship in a society. This initial phase would include all such activities that stimulates efforts such as:

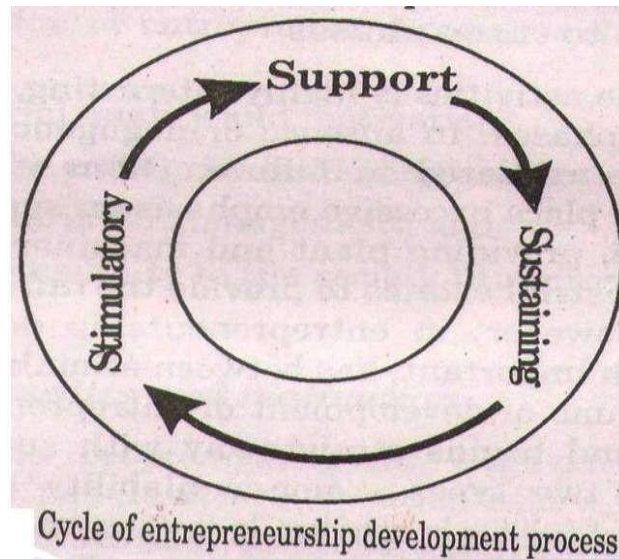
1. Generating entrepreneur awareness in the community through well planned publicity.
2. Identifying and potential entrepreneurs.
3. Helping them through training to raise their motivational level.
4. Improving their knowledge and skills in modern management methods

5. Developing technical competence relevant to the product or service selected.
6. Helping them to develop project report.
7. Making available techno-economic information and project profiles.
8. Entrepreneurs to select new product.
9. Developing a data bank on new products and process available to the target group.
10. Evolving new products and processes relevant to the local situation.
11. Public recognition of entrepreneur excellence.

2. Support Phase: - The support activities provide infrastructure facilities, resources abilities and skills to entrepreneurs for enterprise launching and management. These activities that help the already stimulated entrepreneurs to move ahead to reach his goal. This includes all such activities that help entrepreneurs in establishing and running their enterprises. This activity removes many hurdles, which are likely to cause sickness or discourage the new entrepreneurs. The activities in this phase may includes:

1. Registration of the unit
2. Arranging finance of any type such as fixed capital and or working capital.
3. Providing land, shed, power, water etc. for establishing the unit.
4. Guidance for selecting and obtaining plant and machinery and layout.
5. Helping in purchased of plant and machinery.
6. Issue of license for scare raw materials.
7. Providing common facilities.
8. Granting tax relief and other type of subsidy.
9. Offering management consultancy.
10. Assisting in marketing the product either through reservation or assigning government quota purchased etc.
11. Providing information related to industry.

3. Sustaining Phase: - Sustaining phase activities refer to all such efforts that facilities growth and continuity through expansion, modernization, diversification and technology up gradation of on-going enterprises and rehabilitation of sick units. This is a phase in which entrepreneurs are supported to continue their enterprise in efficient and profitable manner.



After the stimulation of entrepreneurship and subsequent adequate support, the entrepreneur succeeds in starting his unit. Quite often, however an entirely new set of problems crop up before him once he commence production. He may be fully prepared for some of them. It may be non-profitable and non-viable due to many unforeseen and uncontrollable factors. The small industries are susceptible to a variety of vagaries. Even well managed units may suffer closure for want of raw materials, lack of availability of substitutes, change of skills hands, etc. Such casualties are comparatively higher in the small units and require a lot of sustaining activities by the promotional agencies. The sustaining activities may include:

1. Helping in modernization, diversifications and expansion or product substitution.
2. Additional financing for full capacity utilization.
3. Deferring repayment or interest depending on the situation.
4. Help and guidance in diagnosing the cause of failure or low production or profit.
5. Modification or change in legislation or policy affecting marketing.
6. Quality testing and quality improvement at low cost.

Creating common facilities, which are not feasible in a single unit but are needed by the unit both in production and marketing.

MOTIVATION AND ENTRENEERSHIP DEVELOPMENT

The term motivation has been derived from the word motive means inner state of minds that moves or activates or energized and direct our behavior towards our goals. In a simple way, motive or needs are way of behavior. They give directions to human behavior to achieve goals or fulfill needs.

Motivation: - It is the process that motivates a person into action and induces him to continue the course of action for the achievement of goals. It is an ongoing process because human need /goals are never completely satisfies.

The process of motivation involves motives, behaviours and goal.

According to Dand McClelland a person acquires several motivating needs which are basic to entrepreneurship development.

1. Need for affiliation: - There refers to needs established and maintain friendly and warm relations with others.

2. Need for the achievement:-The need for achievement plays a important role in making an entrepreneur as successful. It an inner spirit that activates an entrepreneur to strive or to success. In simple forms, need for achievement is the desire to do well.

People high drives need for achievement have desire for success in competition with others, or with self imposed standard for excellence. They try to accomplish challenging tasks. Entrepreneurs have been found to be people with a high level of activity and goal orientation. They take external help whenever needed and feel happy and accomplishment of the task.

3. Need for Independence: - Need for the independence is the prime characteristic that will drive the entrepreneur to starts their own business. This entrepreneur does not conform to routine jobs and practices. They set their own challenging goals and make efforts to achieve these goals. The entrepreneur does not wait for directions from others and choose their own course of action. They are masters of their own activities and take full responsibility for the outcome of their actions. The independence provides them an opportunity for trying out new ideas and helping them to achieve their life goals.

4. Need for Power: - High need for achievement leads into launching an enterprise but may not be adequate to contribute its success. Once the enterprise is started and entrepreneur desires to manage its successfully, he/she needs to influence people, to sell them his/her ideas in the process of establishing and expanding organization by the way of creating drive. Such drive to influence people and to lead them to implement his/her ideas maybe called as need for power. It implies controlling the actions and activities of other people. This helps them to become successful enterprise builders. However they do not develop emotional bonds with people they work with and their need for affiliation is low.

Motivational factors: - Many people think that, entrepreneur starts enterprise only to make money. The desire to earn money is no doubt an important motivating force. But entrepreneur are not motivated profit alone. There are several other factors which inspire entrepreneurs to perform their job successfully. These factors generate an inclination to starts entrepreneurial activities.

The motivating factors are classified into two categories.

1. Internal factors:- a) Desire to do something new, b) Educational background, c) Occupational background, d) Desire to work independently

2. External factors: - a) Government assistance and support, b) Availability of labours and raw materials c) Encouragement from big business houses d) Promising demand for the product.

1. Internal factors:-

a. Desire to do something new: - Desire to do something new makes an individual to think differently. He may start a branch or section which is altogether different form the main firm. But mostly a complimentary branch is helpful to main branch. Out of the experience and study one can take such steps.

b. Educational background: - Education equips an individual to solve the problem of life. Educational background helps entrepreneurs in understanding and finding solutions to solve it. Education helps in doing things in a better way.

c. Occupational background and experience:-An entrepreneur born in industrialist family inherits social and cultural background which is conducive to his work. Entrepreneurial experience help individual by going through the situation provides him for the learning experience.

d. Desire to work independently: - An individual who have desire to work independently inspire or motivate him to start an enterprise. This helps him/her to take independent decisions and gain control over the situations. Success give him confidence in perform in job in future.

2. External factors:-

a. Government assistance and support: - There are so many schemes launch by government which support and help entrepreneur to start and develop their enterprises. These motivate an entrepreneur to expand enterprise. The government banks and other financial agencies should provide assistance to entrepreneurs. These agencies provide financial support to the entrepreneurs if proposal is submitted by him/her for the same.

b. Availability of labours and raw materials: - Technical and skilled man power is prime for running enterprise successfully. Everyday new technologies have been developed brought into use. The labour and raw material should be easily available and at the cheaper rates. Sometimes raw material and labour is available but no one to take advantage of the situation. The entrepreneur should organize the things and take the advantage of situation in such way that it will develop his enterprise. He must motivated by the opportunities which are in front of him/her.

c. Encouragement from big business houses: - There are big business houses which are inheritable and running enterprise successfully. So they must encourage these new entrepreneurs as being new in this field. They should not think that, new entrepreneur are competitors for them. They should help and support them in all ways.

d. Promising demand for the product: - There are many other factors of production like demand for the particular product, utilization of excess money earned from contractual estate business etc. This may motivate individual to start new enterprise.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a period of time.

Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of the country.

The economic history of the presently advanced countries like USA, Russia and Japan supports the fact that economic development is the outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by the entrepreneurs in the economic development of advanced countries has made the people of developing and under developed countries conscious of the importance of entrepreneurship for economic development. It is now a widely accepted fact that active and enthusiastic entrepreneurs can only explore the potentials of the countries availability of recourses such as labour, capital and technology.

The role of entrepreneurs is not identical in the various economies. Depending on the material resources, industry climate and responsiveness of the political system, it varies from economy to economy. The contribution of entrepreneurs may be more in favorable opportunity conditions than in economies with relatively less favorable opportunity conditions. Entrepreneurship helps in the process of economic development in the following ways.

1. Employment Generation

Growing unemployment particularly educated unemployment is the problem of the nation. The available employment opportunities can cater only 5 to 10 % of the unemployed. Entrepreneurs generate employment both directly and indirectly. Directly, self employment as an entrepreneur and indirectly by starting many industrial units they offer jobs to millions. Thus entrepreneurship is the best way to fight the evil of unemployment.

2. National Income

National Income consists of the goods and services produced in the country and imported. The goods and services produced are for consumption within the country as well as to meet the demand of exports. The domestic demand increases with increase in population and increase in standard of living. The export demand also increases to meet the needs of growing imports due to various reasons. An increasing number of entrepreneurs are required to meet this increasing demand for goods and services. Thus entrepreneurship increases the national income.

3. Balanced Regional Development

The growth of Industry and business leads to a lot of Public benefits like transport facilities, health, education, entertainment etc. When the industries are concentrated in selected cities, development gets limited to these cities. A rapid development .When the new entrepreneurs grow at a faster rate, in view of increasing competition in and around cities, they are forced to set up their enterprises in the smaller towns away from big cities. This helps in the development of backward regions.

4. Dispersal of economic power

Industrial development normally may lead to concentration of economic powers in a few hands. This concentration of power in a few hands has its own evils in the form of monopolies. Developing a large number of entrepreneurs helps in dispersing the economic power amongst the population by weakening the harmful effects of monopoly.

5. Better standards of living

Entrepreneurs play a vital role in achieving a higher rate of economic growth. Entrepreneurs are able to produce goods at lower cost and supply quality goods at lower price to the community according to their requirements. When the price of the commodities decreases the consumers get the power to buy more goods for their satisfaction. In this way they can increase the standard of living of the people.

6. Creating innovation

An entrepreneur is a person who always looks for changes. Apart from combining the factors of production, he also introduces new ideas and new combination of factors. He always tries to introduce newer and newer technique of production of goods and services. An entrepreneur brings economic development through innovation.

7. Capital formation

Entrepreneurship promotes capital formation by mobilizing the idle saving of the public and put it under continuous transaction so as to improve the value of the capital by utilizing in a profitable way under different stages of enterprise.

8. Resource mobilization

The natural resources including the human resource skill can be effectively utilized for functioning of an enterprise towards economic development which might otherwise remain unutilized and idle.

9. Backward and forward linkages

Entrepreneurship will give the opportunity for the people to involve at different levels starting from production to ultimate consumption, the backward and forward linkages which stimulate the process of economic development in the country.

10. Promotes country's export trade

Last but not the least; it also promotes country's export trade i.e., an important ingredient to economic development.

IMPORTANCE OF PLANNING, MONITORING, EVALUATION AND FOLLOW UP IN RUNNING AN ENTERPRISE, MANAGING COMPETITION

Planning is an initiatory function in the sense that it is initiated in the first place to formulate a systematic programme in detail for doing or achieving a mission still unformed or undeveloped. It is a function which implies a comprehensive and extensive task of devising and laying out in distinguished sections a detailed programme of actions to be carried out to convert an idea into a safe and sound business entity. Planning for an enterprise, as generally observed, is the groundwork in preparation for making a proposed venture start and grows smoothly.

Importance of Planning-

- It is an integral part of any fruitful activity.
- It is regarded as fundamental to a good start an entrepreneur career.
- It arises from the complexity and from the importance of the job to be done.

- Planning use to discover and prepare the way for action that should be taken.
- It gives meaning and system to the action.
- It gives the basis for a course of future action.
- Entrepreneur should accomplish to key preliminary preparations before them launch their new venture.
- Aspiring entrepreneurs may make preparations so that they cannot get off to a good start but also transform their dreams into successful business enterprise.

Project Plan – A Basic Document

In simple words, a project plan is a basic document which gives an explicit but precise account of what one has in mind to achieve and, in that context, it defines: What will have to be done? When will be done? How will be done? Who will do? How much will it cost?

Project Plan-Benefits and Utilities:

A project plan serves as a useful tool to bring greater success in attaining objectives of a business. That being the case, some of the major benefits and utilities derivable from this document are:

- 1. Stress on the basic elements:**-A project plan highlight basic elements common to every enterprise, regardless of size, nature, main objective and location of a venture, as also investment, risk and uncertainty involved in it. The basic elements includes include ownership, business location, objective, policies and strategies; resource requirements; budget estimates; and anticipated ways and means to accomplish goals.
- 2. Deals with decisive issues:** - Before everything else, a decision has to be reached as to whether or not to go for any investment in the proposed venture. More importantly, a project plan justifies the individual capacity to mobilize resources entrepreneurial ability of the would-be entrepreneur.
- 3. Assists in evaluation:** - A project plan assists in evaluating overall merit of a new business idea.
- 4. Serves to gain support:** - A project plan serves as a means to look for and acquire requisite financial and material assistance from external sources.
- 5. Helps timely implementation:** - A project plan document serves as a handbook to be followed in the process of organizing, directing, coordinating and controlling planned activities aimed at ensuring timely implementation of objectives.

6. Facilitates registration: - A project plan, of course, is essential for seeking from a competent authority permission to engage in a business. Both permission and registration by respective authorities are essentially necessary to commence and carry out any business activity and to seek financial assistance from commercial banks as also specialized financial institutions.

7. Prepares ground work: - It aids to prepare the ground for a new unit. Said simply, project planning is one of the vital elementary tasks necessary to make ready the groundwork for primarily a new venture, large or small, and seldom for expansion, diversification or modernization of an existing unit.

Definition of budgeting: - George R. Terry has described budget as “an estimate of future needs, arranged according to an orderly basis, covering some or all the activities of an enterprise for a definite period of time.”

In broad sense, a budget constitutes a statement of planned or expected results in quantitative terms for a specified future period. It may be expressed either in financial or physical terms like machine hrs, units or products or in any other numerically measurable terms. In simple words budget is a statement of expected results expressed in numerical terms.

Budgetary Control: - Budgetary control is a device or technique of managerial control through budget.

It is the process of finding out what is being done and comparing actual results with the corresponding budget data in order to approve accomplishments or to remedy differences by either adjusting the budget estimates or correcting the cause of difference.

Budgetary control is a tool of management used to plan, carryout and controls the operations of the business.

Budgetary control provides basis for administrative control, direction of sales effort, production planning and control over stocks. Budgetary control process involves planning, coordination, recording, control, and appraisal and follows up various activities planned and implemented on the budgets.

IMPORTANCE OF BUDGETING

- To plan for the efficient and smooth running of project/ business/ an enterprise.
- To keep up the production schedule,
- To coordinate the various activities of project/ business/ an enterprise.
- To effect control on various departments.

- To help in decentralization
- To help in delegation of authority
- To plan and control receipts and payments.
- To control the development.
- To arrange the capital.
- To control the research projects
- To establish standards of evaluation.
- To help the management in its corrective action.

On the basis of purpose for which budgets are prepared, they are classified

1. As revenue and expense budgets,
2. Sales budget
3. Production budget,
4. Production cost budget,
5. Selling and distribution cost budget,
6. Capital expenditure budget,
7. Cash budget and
8. Master budget.

The budget coordinates production, sales and finance. It compels small entrepreneurs to think on a continuing basis to maximize profits.

MONITORING AND EVALUATION OF AN ENTERPRISE

Monitoring and evaluation provides with better means for learning from past experience, improving service delivery, planning and allocating resources and demonstrating results as part of accountability to key stakeholders.

Although evaluation is distinguished from monitoring, they are in fact interdependent. Monitoring presents what has been delivered and evaluation answers the question “what has happened as a result of the intervention?” Impact evaluation is a particular aspect of evaluation, focusing on the ultimate benefits of an intervention.

Monitoring:

It is regular systematic collection and analysis of information to track the progress of programme implementation against pre-set targets and objectives.

It means to keep a careful check of project activities over a period of time. To work to its full potential, any kind of project needs to set out proposals and objectives. Then a monitoring system should be worked out to keep a check on all the various activities, including finances. This will help project staff to know how things are going, as well as giving early warning of possible problems and difficulties. It is performed while a project is being implemented, with the aim of improving the project design and functioning while in action. Monitoring gives information on where a policy, program or project is at any given time (or over time) relative to respective targets and outcomes. Monitoring focuses in particular on efficiency, and the use of resources.

Objectives of Monitoring

1. Clarifies program objectives
2. Links activities and their resources to objectives
3. Translates objectives into performance indicators and sets targets
4. Routinely collects data on these indicators, compares actual results with targets
5. Reports progress to managers and alert them to problems

Evaluation:

It is an objective assessment of an ongoing or recently completed project, program or policy, its design, implementation and results.

Evaluation deals with questions of cause and effect. It is assessing or estimating the value, worth or impact of an intervention and is typically done on a periodic basis –perhaps annually or at the end of a phase of a project or program. An evaluation studies the outcome of a project (changes in income, housing quality, benefits distribution, cost-effectiveness, etc.) with the aim of informing the design of future projects. Evaluation looks at the relevance, effectiveness, efficiency and sustainability of an intervention. It will provide evidence of why targets and outcomes are or are not being achieved and addresses issues of causality.

Objectives of Evaluation

1. Analyzes why intended results were or were not achieved
2. Assesses specific casual contributions of activities to results
3. Examines implementation process
4. Explores unintended results

5. Provides lessons, highlights significant accomplishments or program potential and offers recommendations for improvement

Impact assessment:

Impact Assessment is an aspect of evaluation that focuses on ultimate benefits. It sets out to assess what has happened as a result of the intervention and what may have happened without it. Where possible impact assessment tries to differentiate between changes that can be attributed to the program from other external factors that may have contributed as well as examining unintended changes alongside those intended.

Significance of Impact assessment

1. Seeks to capture and isolate the outcomes that are attributable (or caused by) the program
2. Will review all fore-going M&E activities, processes, reports and analysis
3. Provides an in-depth understanding of the various causal relationships and the mechanisms through which they operate
4. May seek to synthesize, compare, contrast a range of interventions in a region, timeframe, and sector or reform area

Need for the Monitoring and evaluation

1. It can play a crucial role in keeping projects on track
2. It create the basis for reassessing priorities
3. It create an evidence base for current and future projects through the systematic collection and analysis of information on the implementation of a project

Monitoring and evaluating perform two main functions during project implementation

1. M&E as a legitimization function –PROVING
 - Whether desired benefits for the right target groups are achieved?
 - Whether these benefits are efficiently and effectively achieving these?
2. M&E as learning function – IMPROVING
 - Whether right things are done?
 - Could we do things better?
 - Could we do better things?

IMPORTANCE OF MONITORING AND EVALUATION

1. Provide constant feedback on the extent to which the projects are achieving their goals.
2. Identify potential problems at an early stage and propose possible solutions.

3. Monitor the accessibility of the project to all sectors of the target population.
4. Monitor the efficiency with which the different components of the project are being implemented and suggest improvements.
5. Evaluate the extent to which the project is able to achieve its general objectives.
6. Provide guidelines for the planning of future projects.
7. Influence sector assistance strategy. Relevant analysis from project and policy evaluation can highlight the outcomes of previous interventions, and the strengths and weaknesses of their implementation.
8. Improve project design. Use of project design tools such as the log frame (logical framework) results in systematic selection of indicators for monitoring project performance.
9. Incorporate views of stakeholders. Awareness is growing that participation by project beneficiaries in design and implementation brings greater “ownership” of project objectives and encourages the sustainability of project benefits. Ownership brings accountability. The emergence of recorded benefits early on helps reinforce ownership, and early warning of emerging problems allows action to be taken before costs rise.
10. Show need for mid-course corrections. A reliable flow of information during implementation enables managers to keep track of progress and adjust operations to take account of experience.

FOLLOW UP

Follow-up refers to responding to business queries, inquiries, and complaints if your business is relative new. Follow-up need not be expensive and can be easily achieved through phone and email. Many businesses fail soon after they are launched only because they didn't offer good customer support along with their products and services.

Every customer has unique needs and as a smart entrepreneur, it's your job to find out what customers expect from your products as well as your company.

IMPORTANCE OF FOLLOW UP

- It provides customer support to business of company.
- Customers are your biggest assets and they can promote your business in incredible ways.
- If customers are happy and satisfied they can advertise the product and company/ business.
- Customers can motivate others persons to purchase product of the company/ business.

- It enables entrepreneur to improve product in terms of quality and quantity.
- It enables entrepreneurs about reputation of the company/ business.
- Entrepreneurs get information about drawback in the product and service of the company.
- It provides information about demand and supply of the product.

MANAGING COMPETITION

Competition is everywhere and it is necessary for product improvement, prompt service, reputation of business and managerial skill of entrepreneur. Very few industries or markets haven't experienced some form and degree of competitiveness.

Competition is defined as organizations battling with each other for some desired outcome, it may be customers, market share, survey ranking, or needed resources.

Researching competition through competitor intelligence can be a powerful tool for entrepreneurs.

Competitor intelligence is a process of gathering information on who competitors are, what they are doing, and how their actions will affect your organization.

WAYS OF DEFINING POSSIBLE COMPETITORS

There are three ways to define possible competitors.

1. Industry perspective: - It identifies competitors as organizations making the same product or providing the same service. For instance, there's the oil industry, the seed industry, the fertilizer industry etc. The competitors in each of these industries are producing the same or similar types of products or services. Using this approach, an entrepreneur can assess the intensity of competition by looking at how many organizations are in the industry and how they differ from each other. Competition would be highest when there are numerous, similar competitors. In other words, these competitors are all using the same approaches in fighting for the same desired outcome- for example, getting a customer to purchase their product or service, and not another organizations.

2. Marketing perspective: - It says that competitors are organizations that satisfy the same customer need. For example, if the customer need is technical information, potential competitors might range all the way from R&D, Scientists, Print and electronic media, Development agencies etc. These are different industries that are attempting to satisfy the same customer need. Under this perspective, the intensity of competition depends on how well the customer's needs are understood or defined and how well different organizations are able to meet that need.

3. Strategic groups' perspective: - Strategic groups are groups of competitors following essentially the same strategy in a particular market or industry. Within a single industry, you might find a few or several strategic groups, depending on what strategic factors are important to different groups of customers- that is, What factors customers use in making purchase decisions. For instance, two strategic factors often used in grouping competitors are price (low to high) and quality (low to high). Competitors would then be "grouped" according to their price quality strategies, with those following the same or similar approaches in the same strategic group. Keep in mind that the important strategic factors used to determine an organization's competitors are different for every industry and can be different even for various industry groups. The possible dimensions for identifying strategic groups are price, quality, geographic scope, product line, market share, profits and product uniqueness.

This approach suggests that strategic groups are important to understand who your competitors are because your most relevant competitors are those in your particular strategic group. Although competition might come from organizations in other strategic groups, your main competitive concerns are the organizations in your own strategic group.

The intensity - of competition according to this perspective depends on how effectively each competitor has been able to develop a competitive advantage and on the specific competitive actions being used by each competitor to capture the desired outcome be it customers, resources, or whatever.

COMPETITOR INFORMATION

1. Type of Competitive Information to be collected:

What you want to do is get a good feel for what your potential competitors are doing.

Here are some possible areas you might use to guide your research:

- Types of products or services are competitors offering.
- Major characteristics of these products or services
- Their products' strengths and weaknesses.
- The way of handling, marketing, pricing, and distributing.
- Their percentage of success
- Competitive advantages of their activities.
- Percentages of profitability because of their activities.

2. Sources of getting Competitive Information:

Published financial sources, former employees; dealers, representatives, and distributors; suppliers; professional meetings; market surveys; trade fairs and exhibits; competitors' brochures; competitors' Web-pages; technical analysis of competitors' products (called reverse engineering); comparison shopping; news stories found in newspapers or other printed publications and on broadcast media news programs; competitive intelligence firms; interviews with consultants; and so forth.

One thing you should be concerned with as you gather competitive information, however, is whether or not your information gathering is ethical. Once you've gathered information on your competitors, you might want to organize it in some type of competitor analysis matrix. List the competitors along the horizontal axis and the type of competitive information along the vertical axis. Fill in the actual information for each competitor in the appropriate cell. In this way, you would be able to compare your potential competitors easily. Also, this type of competitor analysis becomes an important part of your feasibility study and your business plan.

3. Characteristics of Indian Agricultural Processing and Export Industry.

The food processing industry is one of the largest industries in India – it is ranked fifth in terms of production, consumption, export and expected growth. It covers activities such as agriculture, horticulture, plantation, animal husbandry, fisheries, etc. It also includes other industries that use agriculture inputs for manufacturing of edible products.

Processed food industry in India contributes 6.3 percent of the GDP, and accounts for 13 percent of export and 6 percent of the capital investment. There are an estimated 40,000 food processing units in India. Besides, there are 1,000 cold storages, 369 units for freezing fish, 499 frozen storage, 165 units of meat processing, 144 pork processing units, 54,000 bakery production units and 530 dairy products processing units.

In addition, there are 100 units for aerated cold beverages, 215 units for packaged drinking water, 12 joint ventures for production of alcoholic beverages and 56 beer units.

In spite of these facilities, the level of processing has been as low as 2 percent in case of fruits and vegetables, in comparison to 60 percent in U.K. and U.S.A., 70 percent in Brazil, 78 percent in the Philippines and 80 percent in Malaysia. The level of processing in other commodities has been to the tune of 14 percent in milk, 4 percent in fish and 1 percent in meat and poultry. Thus India's contribution to processing of farm produces in the year 2004-05 has been only about 1 percent at the global level and 2 percent at the national level.

The biggest bottleneck in expanding the food processing sector, in terms of both investment and exports, is lack of adequate infrastructure. Without a strong and dependable cold chain, vital sector like food processing industry cannot survive and grow. Even at the current level of production, 30-35 percent farm produce, particularly fruits and vegetables, is being wasted every year, because of lack of adequate storage, transportation, cold chain facilities, and other infrastructural support.

Essential conditions for processing industry in Agriculture, Horticulture, Fishery, Dairy and different Foods

Irrespective of the nature of raw materials or finished products, the food processing industry should have the following basic conditions.

- 1) Food processing industry should be set up and run in a clean and Hygienic environment.
- 2) Availability of raw materials and infrastructural facilities, including trained manpower must be ensured.

- 3) Strict quality control all through, from collection of raw materials to finished product, and must be enforced.
- 4) Enhance shelf-life of products, with no contamination or deterioration of the product.
- 5) The food produced should be hygienic, wholesome and tasteful and Suit the taste of consumers.
- 6) The produce should have good market demand and generate employment and income.
- 7) The endeavor should be economically viable and socially desirable.

Characteristics of Food Processing Industry:

- The food processing industry in India ranks fifth in terms of production, consumption export and expected growth and contributes 6.3% of GDP.
- Food processing industry / Sector is highly fragmented comprising of Fruits & vegetables, milk & milk products, meat & poultry, marine products, grain processing, beer & alcoholic beverages and convenience food & drink
- Entrepreneurs in this sector are small & unorganized & this sector constitutes 42%
- Though organized sector is small (25%) it is growing at a much faster rate.
- Small scale Industries in Food processing sector constitutes 33%
- Fruits & vegetables processing industry is also fragmented with large number of units in house hold & small scale sector with low capacity up to 250 tonnes per annum.
- Primary milling of grains is important activity of Grain processing industry.
- Oil seed processing is largely concentrated in cottage industry.
- Branded grains as well as processed products are gaining popularity due to hygienic packaging.
- Products of bakery & bread manufacturing are reserved for small – scale sector. In Biscuits 80% is under unorganized sector only.
- India's Dairy Industry was considered as one of the successful development industries in Post – Independent era with total milk processing around 35% of which organized sector accounts 13% & remaining at (farm level) unorganized
- Dairy cooperatives account for major share in organized sector
- Since 2001 exports of dairy products is increasing at 25%.
- Poultry industry is also among faster growing sectors with 8% increase per year

- Meat export is largely driven by poultry, buffalo, sheep & goat growing at 30% per annum.
- Exports of marine products have been inconsistent and declining trend due to adverse European & American markets. Ex: Antidumping initiated against Indian shrimp by America.
- Changing life styles, food habits, post liberalization trends, organized food retail gave boost to processing sector.
- In India processing sector is characterized by poor infrastructure, in adequate quality control, inefficient supply chain, high transportation, high taxation & packaging cost.
- Availability of raw material, priority sector status to agro processing by Govt. and vast domestic market are major strengths of processing industry
- Setting up of SEZ/AEZ, food parks & mega food parks and promotional schemes, opening of global markets provide lot of opportunity for entrepreneurs in this sector.

Policy Initiatives for Food Processing Industry

In order to promote investment in the food processing sector, several policy initiatives have been taken. These include:

- 1) Food processing industry has been declared a priority area. So, it qualifies for a number of fiscal relief and incentives to encourage commercialization and value addition to agricultural products.
- 2) Full repatriation of profits and capital is allowed.
- 3) Almost the entire sector is de licensed, freeing it from bureaucratic hassles.
- 4) Automatic approvals for foreign investment up to 100 percent, except in few cases and also technology transfer,
- 5) Zero-duty import of capital goods and raw materials for 100 percent export-oriented units.
- 6) Government grants given for setting up common facilities in Agro Food Park.
- 7) Vision 2015 adopted by the Ministry of Food Processing Industries envisages:
 - a) Trebling the size of the processed food sector.
 - b) Increasing level of processing of perishables from 6 percent to 20 percent.
 - c) Value addition to increase from 20 percent to 35 percent.
 - d) Share in global food trade to increase from 1.5 percent to 3 percent.

Opportunities & Scope in Food Processing Industry in India

Vast source of raw materials is available: India is one of the largest producers of wheat & rice, second largest producer of Groundnut, fruits & vegetables and tops in production of mangoes and bananas. India is the world's largest producer of milk. India has potential to be leading global food supplier if it creates efficient supply chain & marketing.

- Shift from conventional farming to commercial farming
- With huge population of 1.08 billion India has large growing market with 350 million strong urban middle class and changing food habits.
- A large part of shift in consumption is to processed food market accounting 32% of total food market
- According to the confederation of Indian Industry (CII), the food processing sector has potential of attracting US \$33 billion of investment in 10 years & generates employment of 9 million person days.
- Government has introduced several schemes to promote food processing sector.
- Foreign Direct Investment in the country's food sector is poised to hit the US \$ 3 - billion mark in coming year. FDI approvals in food processing have doubled in last one year alone.
- In an effort to boost food sector Government is working on Agri-zones & concept of mega food parks.
- Conducive food policy environment: National policy on food processing aims at increasing the level of food processing from present 2% to 10% by 2010 & 25% by 2025. Government has allowed 100% FDI in processing sector. The policy seeks to create an appropriate environment for entrepreneurs to set up food processing units through infrastructure development, promotion of forward, backward linkages.
- The vision 2015 of GOI for the food processing sector aims at target increase of Level processing of perishables from 6 % to 20% value addition from 20 to 35% share in Global trade from 1.5 to 3% (by 2015).

OVER VIEW OF POST HARVEST VALUE ADDITION IN INDIA

Mega Food Park:

- Mega Food Park is an industrial park meant for the food processing industry only.

The government has planned to set up 30 mega food parks to help India double its share in global trade of processed food by 2015, out of which 10 are under implementation in the first phase. These are –

1. Shirwal (Maharashtra)
2. Ranchi (Jharkhand)
3. Chikmagalur (Karnataka)
4. Dharmapuri (Tamil Nadu)
5. Jalandhar (Punjab)
6. Haridwar (Uttarakhand)
7. Jagdishpur – Raibareilly (UP)
8. Jangipur (West Bengal)
9. Chittor (Andhra Pradesh)
10. Nalbari – Assam (North East)

The Mega Food Parks are envisaged to be a well defined agri /horticultural processing zone continuing state of the art processing facilities with support infrastructure and well established supply chain. The proposed scheme aims to provide a mechanism to bring together farmers, processors and retailers, and link agricultural production to the market so as to ensure maximum value addition, minimize wastage and improve farmers' income.

The Mega Food Park is designed to link the farmers with the retail markets with minimizing the intermediaries, thus helping farmers earn higher returns from their produce. These food parks will be spread over 10 to 100 hectares. Minimum size of 10 hectares shall enable smaller food processing units to start operation within the SEZ. The government will provide a subsidy of Rs. 50 crore per park to private investors and will have cold warehousing, grading centers and research laboratories.

The Mega Food Parks will create an integrated value chain from the farm gate to the consumer and will envisage complete backward and forward linkages along with common processing facilities.

Rs. four is protected which otherwise would have been lost due to pests & diseases. The demand for PP chemicals is more compare to production as farmers are moving towards market oriented farming system. Our country imports 40 types of pesticides.

For regulating the manufacture, import, sale and use of pesticides, the Insecticides Act, 1968 was operative in the country. Every formulation has to be registered with MOA GOI. For marketing of pesticides, the manufacturers appoint.

Indian Farm Machinery Industry

There has been a progressive shift from Draft Animal Power (DAP) to mechanical power in Indian agriculture because DAP and manual labour were not sufficient to cope with the workload of intensive agriculture. The use of mechanical power is becoming indispensable for making an optimal use of other resources and timely completion of various operations under intensive farming. Hence, mechanization has become a very crucial input to further the development of agriculture. Power operated equipments like tractor drawn mould board ploughs, cultivators, disc harrows, seed drill, and farmers in most of the States. Self-propelled and tractor operated combines, reaper harvester, potato and groundnut diggers are also commercially available.

The manufacture of farm machinery in India is quite complex which comprises village artisans, small scale industries, State Agro-Industries Corporations, and organized tractor, power tiller and engine manufacturers. The organized farm machinery manufacturers deal with – Agricultural tractors, Power tillers, Agricultural tools and implements, Combines, Reapers, Tractor parts and accessories of agricultural machinery, Sprinkler, Earth moving machinery and parts, Diesel engines, Rice processing machinery, and machines for Dairy and Food industries.

In addition, there are about one million village craft persons who handle bullock drawn implements and equipments, such as –Steel plough, Cultivator, Puddler, Sowing devices, Cane crusher, Bullock carts etc. They also manufacture and repair indigenous hand equipments such as spade, sickle, nirani, khurpi, sabal, dao etc.

Diversification of agriculture needs introduction of new machines and the trend among the farmers to use increasingly larger tractors will vastly expand the scope of custom hiring of farm equipments because in future, multi-farm use will be the only way to keep the operating cost of farm equipments at a reasonably low level. The farm equipments which have done well in the field in recent years are listed here, and they have good potential to be used on large scale in future.

Zero till seed-cum-fertilizer drill, Pulverizing roller-cum-puddler, Rotavator, Subsoiler, Hole digger, Ridger planter, Multi-crop seed drill, Sugarcane planter, Sugarcane stripper, Sunflower thresher, Tractor operated high capacity sprayers, Combine etc. Equipments for drip irrigation, control of temperature in nurseries, refrigerated vans and cold storages for 'cold chain' are getting popular. In fish trade, mechanized boats and trawler with refrigeration facility are already popular.

EXPORT & IMPORT POLICIES RELEVANT TO AGRICULTURE SECTOR EXIM

Policy is the export import policy of the government that is announced every five years. It is also known as the Foreign Trade Policy. This policy consists of general provisions regarding exports and imports, promotional measures, duty exemption schemes, export promotion schemes, special economic zone programs and other details for different sectors. Every year the government announces a supplement to this policy.

1. EXPORT-IMPORT POLICY, 1992-97

The Government of India announced a new five year export-import policy effective from April 1, 1992 which gave further push to liberalization of imports and intended to give significant boost to exports. Under this policy, the international trade was made free subject to a negative list of imports and exports. But as far as farm products and related goods are concerned, most of them remained a part of the negative list, as per the following details:

Negative List of Exports

i) Permitted Subject to Licensing: Coconut, Copra, seeds and planting materials, cotton seed, vegetable oils, groundnut cakes, rice bran, milk, cattle, camels, chemical fertilizers.

ii) Permitted through Canalizing Agency: Onion (NAFED), Niger Seed (NAFED/TRIFED), Powdered Milk (NDDB), Ghee (NDDB).

(iii) Permitted without a License but subject to terms and conditions: Basmati rice, non-basmati rice, wheat, barley, maize, bajra, jowar, ragi, HPS groundnut, raw cotton (Bengal desi, Assam comilla, staple cotton, yellow picking), sesame seed, sugar, gram and gram flour, wheat flour, deoiled groundnut cake, deoiled rice bran, VFC tobacco, soybean extractions, cotton yarn, black pepper etc.

Negative List of Imports

i) Canalized Items: All fertilizers (MMTC), edible oils (STC, HVOC), seeds of oilseed crops (STC, HVOC), Cereals (FCI).

ii) Restricted Items: Livestock, plants seeds and other materials (license from the Department of Agriculture). The import of pulses, raw cashew nut, seeds of vegetables and flowers, plants, tubers and bulbs of flowers etc. were placed in the negative list.

The philosophy underlying this massive trade policy reforms include the following:

- i. Trade – both exports and imports can flourish in a free regime.
- ii. Trade policy should go far beyond balancing of imports and exports and should lead to better technology, greater investment and more efficient production at home.
- iii. Liberalization and removal of licensing, quantitative restrictions and other discretionary controls on matters relating to exports and imports are essential to trade policy reforms. This meant fewer governmental restrictions, greater freedom to trade and lesser administrative controls.

The process of liberalization of import-exports of farm commodities, which started in mid-nineties got momentum after 1997. Year after year, the negative list was pruned and quantitative restrictions were withdrawn. The process of pruning the negative list and decanalization has continued in recent years.

2. MAIN FEATURES OF EXPORT-IMPORT (EXIM) POLICY, 2002-07

- Removal of all quantitative restrictions and decanalization of exports (except a few sensitive items) of farm products
- Scheme of Special Economic Zones (SEZ) strengthened
- Major thrust to promote agricultural exports by setting up of Agri Export Zones and by removing export restrictions on designated items (agro & agro-based products)
- Transport subsidy provided for export of fruits, vegetables, floriculture, poultry and dairy products
- Simplification of procedures to further reduce transaction costs
- Widening of the scope of Market Access Initiative Scheme to include setting up of business centers in Indian Missions abroad for focused market promotion of exports.
- Dereservation from small scale industry provisions of over 50 items including agricultural implements.

3. EXIM POLICY OF 2004 – 2009

After, a change of government at the centre, a new EXIM policy 2004-09 was announced. This policy came up with export promotional measures such as Towns of Export

Excellence, Target Plus, Free Trade and Warehousing Zones and the Vishesh Krishi Gram Udyog Yojana. Here are details on these schemes:

a. Towns of Export Excellence- Here, towns in specific areas that produce goods of Rs.250 crores and above in the handloom, agriculture, handicraft and fisheries sector will be notified as Towns of Exports Excellence on the basis of their potential for growth in exports. They will be granted this recognition to maximize their potential, enable them to move higher in the value chain and tap new markets.

b. Target Plus- In this scheme, exporters who have attained a large increase in growth of exports would be allowed duty free credit based on incremental exports substantially higher than the general actual export target fixed. Rewards will be granted according to a tiered approach. For incremental growth of over 20, 25 and 100 per cent, the duty free credits would be 5, 10 and 15 per cent of Free on Board (FOB) value of incremental exports.

c. Vishesh Krishi Gram Udyog Yojana- It aims to promote exports of fruits, vegetables, flowers, fruits, and other value-added products. This year it has been expanded to include soybean and coconut oil as well as food preparations such as soups. Plus, the benefit of the scheme has been extended to 100 per cent export-oriented units.

4. FOREIGN TRADE POLICY 2009 – 2014

Foreign Trade Policy 2009 - 2014 announced to reduce transaction and handling costs, a single window system to facilitate export of perishable agricultural produce has been introduced. The system will involve creation of multi-functional nodal agencies to be accredited by APEDA. Export and Import Policies Relevant to Horticulture and Agriculture Sectors.

AGRI-EXPORT ZONES

The Government announced the proposal to set-up Agri-Export Zones in the EXIM Policy 2001-02 for the purpose of developing and sourcing raw materials and their processing/packing leading to final exports. The concept essentially embodies a cluster approach of identifying the potential products and the geographical regions in which such products are grown and adoption of end-to-end approach of integration of the entire process. Under the scheme, the state government would identify products with export potential which have comparative advantage in the local area. APEDA is the nodal agency of the Central Government to promote setting up of **Agri-Export Zones**.

Till December, 2002, the Central Government has sanctioned and notified 41 Agri-Export Zones (AEZs) which being set up in 16 states-West Bengal, Uttaranchal, Karnataka, Punjab, Uttar Pradesh, Tamil Nadu, Maharashtra, Andhra Pradesh, Tripura, Jammu & Kashmir, Madhya Pradesh, Bihar, Gujarat, Sikkim, Himachal Pradesh, Orrissa and Jharkhand.

Aligning EXIM procedures with WTO norms:

Production and demand of various items in the country and their prices determine from time to time the EXIM policy. Care is taken to prevent shortfall of essential items in the country and dumping of goods by foreign countries.

- **Employment oriented measures:** EXIM policy should initiate measures which would help employment generation.
- **Diversification of markets:** Exploration of new markets is an essential component of EXIM policy. For example: Focus LAC (Latin American countries) was launched in November, 1997 and Focus Africa was launched in April, 2002.
- **Making exports more competitive:** EXIM policy should facilitate improvement of technology in the export sector and the development of an efficient infrastructure.
- **Setting up Special Economic Zones (SEZs)**

Special Economic Zone (SEZ) is a specific area notified by an appropriate authority for the purpose of conducting economic activities like manufacturing, processing etc., exclusively for export. Infrastructural facilities like roads, water supply, sanitation, electricity, communication, banking, insurance etc. are provided in these areas so that the entrepreneurs can perform without any hindrance.

An SEZ is a trade capacity development tool, with the goal to promote rapid economic growth by using tax and business incentives to attract foreign investment and technology. The Govt. of India in April 2000 announced the introduction of Special Economic Zones policy in the country, deemed to be foreign territory for the purpose of trade operations, duties and tariffs. The policy provides for setting up of SEZs in the public, private, joint sector or by State Governments. SEZs generate employment, income and earn foreign exchange and boost up economic development of the country.

- a. SEZ units would be able to import capital goods and raw materials duty free.
- b. SEZ units shall be deemed to be foreign territory for the purpose of trade operations and tariffs. Goods going to the SEZ area would be treated as deemed exports.

- c. SEZ units would be able to obtain products from the Domestic Tariff Area (DTA) without paying terminal excise duty.
- d. SEZ units would be required to export the whole of their production. The basic rationale is to provide a totally free atmosphere conducive for exports of SEZ.

EXIM BANK

The Export-Import Bank of India (EXIM) set up for promoting India's foreign trade has the following functions, segmented into three operation groups.

- a. **Overseas Investment Finance**, which handles a variety of financing programmes for Export Oriented Units (EOUs), importers and overseas investment by Indian companies.
- b. **Project Finance / Trade Finance** handles the entire range of export credit services such as supplier's credit, pre-shipment credit, buyer's credit,
- c. **Finance for export** of projects and consultancy services, guarantees, forfeiting etc. Export Services Group offers a variety of advisory and value added information services aimed at investment promotion.

EXIM Bank offers a diverse range of financing services for the Indian exporter, including a variety of Export Credit facilities and Finance for Export Oriented Companies.

EXIM Bank offers term loans for setting up new projects, and for acquisition of assets for modernization / up gradation / expansion of existing units. The Bank also extends 100 percent refinance to commercial banks, for term loans sanctioned by the lending bank to an export oriented unit.

EXIM Bank offers term loans to export oriented units for development of new technology to satisfy domestic and international environment and standards, and to help them develop and / or commercialize new product / process applications.

4. **SWOT analysis**, generation, incubation and commercialization of ideas and innovations.

SWOT ANALYSIS

INTRODUCTION AND MEANING

The process of liberalization and economic reforms, while creating tremendous opportunities for growth of many industries also raised some new challenges to the industries. Building competitive strengths, technology up gradation and quality improvement are the vital issues that need to be looked into, to build capabilities, to withstand emerging pressures and ensure sustained growth. . Innovation is the real step towards continued progress. To innovate, an entrepreneur has to make a diagnosis of the current situation. The diagnosis of the current situation is done by conducting an Internal Analysis and External Analysis.

Analysis of External and Internal Environment together is called SWOT Analysis.

SWOT Analysis refers to identifying the strengths, weaknesses, opportunities and threats of an organization.

SWOT Analysis is a tool, often used by organizations in planning its future. This tool can be explained in a simplified manner as follows:

S - Strengths of the organization

W - Weaknesses of the organization

O - Opportunities of the environment

T - Threats of the environment

1 Internal Analysis: - The organization will cover the organizational position with respect to different functional areas like production, finance, marketing, Research & Distribution and so on. More specifically, this may look into a company's sales volume, market share, profitability and so on. This will reveal its strength and weakness. The External Analysis will do the necessary scanning of the business environment to identify any threat and opportunities posed on the company, its products or services. More specifically, this will include the industry performance, competitive activity and a review of the growth and decline of the user industries.

a) Strengths:-

Every business needs to evaluate its strengths. The internal strength of the organization can be assessed by analyzing the environment in which it is functioning. The programmes undertaken by the company might have created favorable atmosphere for the development of organization.

Some of the strengths of an organization are:

- a) Availability of necessary infrastructure
- b) Adequate production capacity
- c) Skilled manpower
- d) Good manufacturing practices, quality assurance and quality control
- e) Low cost of manufacture
- f) Facilities for product and process development
- g) Good location
- h) Wide distribution network
- i) Motivated staff
- j) Liquidity position
- k) Brand image
- l) Consistency in earning profits
- m) Good corporate image
- n) Efficient management
- o) Philosophy and human resource development

If an organization lacks any of these, it will obviously result into its weakness.

b) Weakness:-

These may be some shortcoming in organization due to which it is difficult to make progress. In order to develop the organization it will be necessary to remove these weakness.

Let us now look at some of the weaknesses of an organization:-

- a) Rising cost of operations
- b) Growing union pressures
- c) Low level of motivation of staff
- d) Non-availability of raw material
- e) Scarcity of capital
- f) Weak credit worthiness
- g) Problem of under utilization of capacity
- h) Outdated technology
- i) Poor project planning
- j) Inadequate infrastructure

- k) Shortage of trained technicians
- l) Insufficient managerial expertise
- m) Unorganized nature of operations
- n) Lack of effective co-ordination
- o) Inadequate training in skills
- p) Feeble structure/poor organization
- q) Problems of delegation of authority

2 External Analysis:-These are the factors which affects organization from outside. The external analysis scans business environment to identify threats and opportunities posed on the company, its product or services. It includes performance of industry, competitive activity and reviews the growth and decline of the users industry. Therefore, an entrepreneur has to know the environment which is be monitored if business has to achieved its goal.

a) Opportunities

A business has to monitor key macro environmental forces like demographic, economic, technological, political, legal, social and cultural factors, and, also significant micro environmental forces like customers, competitors, distribution channels, suppliers, etc. that will affect its ability to earn profits. The business unit should set up a marketing intelligence system to track trends and important developments. For each trends or development, management needs to identify the implied opportunities. An opportunity is an area of need in which a company can perform profitably.

Some of the opportunities of an organization are:

- a) Growing population
- b) Increase in disposable income
- c) Good monsoon
- d) Easy availability of money
- e) Availability of appropriate technology
- f) Favorable government policies
- g) Availability of different task environment like market information, distribution outlets and media.
- h) Presence of favorable cultural environment. Some developments in the external environment represent threats. An environmental threat is a challenge posed by an unfavorable trend or

development that would lead, in the absence of defensive marketing action, to sales or profit deterioration.

b) Threats

Some of the threats of an organization are:

- a) Shortage of power, water, fuel
- b) Rejection by the market
- c) Recession
- d) Tough competition
- e) Political instability
- f) Fiscal policy resulting into increased taxes, duties, imports reservations, licensing
- g) Technological obsolescence
- h) Tight money market
- i) High cost of raising finance and cost of finance
- j) Resource crunch
- k) Difficulty in retaining technical experts
- l) Climatic changes
- m) Changing customer tastes and preferences
- n) Prolonged economic depressions

On completion of a SWOT Analysis, an organization can know 'where it stands'. Therefore, it can proceed to develop specific objectives and goals for the future.

ADVANTAGES OF SWOT ANALYSIS

The advantages for conducting a SWOT Analysis for innovating are

1. An entrepreneur can know in which field, there is demand, and, can venture into the respective field, keeping their strengths in mind.
2. It helps in the development of new technology.
3. An entrepreneur can make an analysis as to develop a completely new product, or to just change the existing product.
4. There can be improvements brought about in the process of production.
5. On the basis of information collected through SWOT analysis, the goals which the firm wants to achieve in future can be decided.
6. Short term mission and long term mission of the organizations can be farmed.

7. Alternatives can be selected and decided to exploit opportunities and to face threats in the environment.
8. Priorities can be given to different goals and the courses of action to achieve the goals can be timed.
9. Plans can be formalized for effective communication & implementation of plans.
10. Major functions & sub-functions can be determined in achieving the objectives of the firm.
11. Expansion of the range of services and benefits.
12. The social, political, legal, economic, technological factors can be analyzed.
13. An analysis of the competitor's strategies can be made and their policies can be known.

5. Entrepreneurial behavior – Concept dimensions, factors affecting entrepreneurial behavior.

Concept:-

Entrepreneurship does not develop automatically and spontaneously. It is believed that it is agreed upon that the entrepreneur are not born but they are learn and emerged as entrepreneur by bringing changes into behaviour.

Entrepreneur behaviour consists of the following qualities in the entrepreneur.

1. Risk bearing and fighting uncertainties.
2. His creativity and problem solving capacity.
3. Strong organising skill i.e. Coordination, organisation and supervision.
4. Capacity to understand relationship between organisation strategies and environment.
5. Innovativeness (New product, new technology, new market, new sources of material and new form of organic sectors).
6. **Backward and forward linkage:** - Entrepreneurship also induces backward and forward linkages which stimulates the process of economic development of the country.
7. **Redistribution of wealth, income and political power:** - Entrepreneurship stimulates the equitable redistribution of wealth income and political power in the interest of the country.

Factors affecting entrepreneur behaviour:-

The emergencies and development of entrepreneurship is depends upon the economic, special, political and psychological factors that affects the entrepreneurial growth.

1. Economic factors:-

- a) **Capital:** - Money is the most importance prerequisite to establish an enterprise. Capital is regarded as lubricant to the process of production. Because of capital, land, labour machine and raw material can be made available and to use it in production for product ion of goods. It is observed that capital- output ratio increases with increasing in capital investment. As result product also increase and help in capital formation. This indicates that, as capital supply increases, entrepreneurship also increases.
- b) **Labour:** - Availability of labour does not influence the emergencies of entrepreneurship. Quality rather than quantity of labour are important for entrepreneurship. It is observed that cheap labour is often less mobile or immobile. According to Adam Smith division of labour is important element in economic development. The division of labour itself depend upon

size of the market. This leads to improvement in production capabilities of labour due to increase in their skill. The problem of low cost immobile labour can be solved by developing intensive technologies.

- c) **Raw material:** - In absence of raw material neither any enterprise can be established now entrepreneur can be emerged. Availability of raw material at cheaper rate is essential for successful entrepreneurship.
 - d) **Market:** - The size and composition of market influences entrepreneurship. Monopoly in a particular product in market is more influential for entrepreneurship than competitive market. But improvement in transportation system facilitating movement of raw material, finished product and increasing for producer goods the disadvantage of competitive market can be cancelled the competition in the market can be minimised.
2. **Non-economic factors:** - Sociologist and psychologist consider that the influence of non-economic factors on entrepreneurial emergence largely depends upon the social and psychological factors in the society as under.

a) **Social conditions:-**

Legitimacy of entrepreneurship: - Norm and values within the socio-cultural setting are referred as “legitimacy of entrepreneurship” .This influences the emergence of entrepreneurship.

To increase the legitimacy of entrepreneurship it is necessary to change traditional values which opposed to entrepreneurship.

- b) **Social mobility:** - Social mobility involves the degree of mobility and the nature of mobility channels within a system. However there are different views about social mobility is crucial entrepreneurial emergence. Some says that high degree of mobility is to entrepreneurship while some expressed that lack of mobility possibilities promote entrepreneurship.
- c) **Marginality:** - Legitimacy of entrepreneurship and social mobility determine the influences of marginality on entrepreneurship. Social marginality also promotes social entrepreneurship. Individual or groups in social system or between two social systems provides personal to be as entrepreneurs. They may be from religions cultural, ethnic or migrant minority groups. Their marginal social position having psychological effects attracted them towards entrepreneurship. When legitimacy is low marginal have to play

entrepreneurial role. But when legitimacy is high mainstream individuals will assume the entrepreneurship and marginal have to play other roles.

High degree of group solidarity, positive attitude towards entrepreneurship and social blockage influences the individual to become entrepreneurs. If these are mainstream entrepreneurs, marginal group have no chance to become entrepreneurs. Therefore, marginality in promoting entrepreneurship is depending upon situation.

- d) **Security:** - Security is important factor for entrepreneurship development. Otherwise one may fear in loosing his/her economic assets. However there is no consensus on the amount of security.
- e) **Political system:** - Political system which promotes free market, individual freedom and provide enterprise will promote entrepreneurship.

3). Psychological factors:-

a) Need achievement:-

b) Withdrawal status of the respect

- i) **Retreatist:-**
- ii) **Ritualist:-**
- iii) **Reformist:-**
- iv) **Innovator:-**

6. ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPs) - MEANING, OBJECTIVES, FUNCTIONS, PHASES, PROBLEMS OF EDPs AND CRITERIA FOR ASSESSMENT OR EVALUATION OF EDPs

Meaning and definition:

Entrepreneurship development programmes is a continuous process of training and motivating entrepreneurs to set up profitable enterprise.

IMPORTANCE OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

- Rapid industrial development
- Reduction in regional industrial imbalance
- Creation of suitable industrial environment for rapid economic development
- Optimum utilization of available local resources
- Reduction in unemployment and poverty problems
- Protection from entrepreneurs from industrial monopoly
- Generation of new sources of income for government
- Progress and expansion of social wealth
- Development of socialistic philosophy

OBJECTIVES OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

The important objectives of Entrepreneurship Development Programmes (EDPs) can be stated as follows:

- To accelerating industrial development by enlarging the supply of entrepreneurs.
- To developing entrepreneurial qualities and motivating the prospective entrepreneurs to achieve the goal.
- To enhancing the growth of small-and medium-scale enterprise sectors which offer better potential for employment generation and dispersal of industrial unit
- To providing productive self-employment avenues to a large number of educated and low educated young men and women coming out of schools and colleges.
- To develop in entrepreneurs the art of communication and coordination.
- To improving performance of small-and medium-scale industries by the supply of carefully-selected and trained entrepreneurs and diversifying sources of entrepreneurship.

- To teach the entrepreneurs about the sources of financial and managerial assistance and help available for small scale business units.
- To make the entrepreneur analyze the relevant business environment and understand the procedures and laws involved in establishing small scale enterprise.

FUNCTION OF ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES

- To provide information
- To provide Training of entrepreneurs
- Financial assistance
- Rules and regulations
- Follow –up support
- Selection of Entrepreneurs
- Training input
- Sponsoring of technical consultancy organization
- Preparation of Directory and coordination

PHASES OF EDPs

The EDPs normally pass through following three important phases:

- Pre-training phase
- Training phase
- Post-training or follow-up phase

1. Pre-training phase:

This phase is the preparatory phase for launching the programmes. It includes a number of activities, which are as follows:

- a) Identification of operationally-promising area, normally a district
- b) Selection of a project leader/course coordinator to coordinate the programme
- c) Arrangement of infrastructural facilities for the programme
- d) Undertaking potential industrial survey/environmental scanning for identification of good business opportunities
- e) Planning the programmes on various fronts such as:
Promotional campaigns through either with the help of print or electric media, leaflets, posters, etc.
- f) Establishing contacts with business personalities, NGOs and related agencies which can contribute to the programme both directly and indirectly

- g) Getting the application forms printed and making them available at different centres along with instructions.
- h) Forming selection committee for selecting the trainees
- i) Preparing the budget, obtaining administrative sanctions and organizing other activities which from a part of EDP
- j) Preparing and finalizing the need-based inputs in training syllabus and to tie u with guest faculties to impart training
- k) Contacting the support agencies like DICs, SFCs, SISI, banks, NSIC, District Magistrate, etc. to receive support in implementing the programme
- l) Organizing industrial motivational campaigns to mobilize as many numbers of applications as possible.

2. Training phase:

Training potential entrepreneurs are providing them proper guidance for setting up enterprise constitutes the cornerstone of EDP. Most of the

Entrepreneurship Development institutes generally conduct training programmes of 4-6 weeks duration on full time basis. The programmes design in terms of objectives, training inputs and their focus is described.

3. Post-training phase:

Post-training phase is otherwise known as the phase of follow-up support. During this phase, post-training support services are rendered to the participants who have successfully completed the Entrepreneurship Development Programme (EDP). This is because of the fact that, very often, the potential entrepreneur after undergoing the training confronts a number of problems while implementing the action plan for grounding the project. So during this phase, the training organization helps the entrepreneur in sorting out the problems through counseling support. A committee is formed consisting of members generally drafted from the leading bank of the district, State Financial Corporation, training organization and above all, the District Industries Centre to help the entrepreneurs with the following objectives during the follow-up:

- a) To provide a meaningful direction to the trainees in grounding their enterprise
- b) To review the progress made by the trainees in implementation of the project
- c) To review the post-training approach

d) To provide escort services to the trainees by involving financial institutions and promotional agencies.

Usually, follow-up action meetings are organized thrice a year after the completion of training and the following methods are generally used for follow-up:

- Postal questionnaire
- Telephonic follow-up
- Personal contact by the trainer
- Group meetings

Problems of EDPs:

The low level of performance is usually attributed to the following problems involved in organizing and conducting EDP trainings:

- Shortage of adequate number of specialized and committed organizations
- Insufficient trainer motivators to motivate people for undergoing EDPs and to impart training
- Identification and selection of wrong projects
- Lack of entrepreneurial and culture
- Apathetic attitude of the support agencies like banks and financial institutions to support entrepreneurs
- Lack of forward and backward linkages
- Selection of wrong person for training
- Improper identification of projects
- Inadequate counselling support after training
- Lack of continuous follow-up action or post-training support services for grounding the project

Criteria for assessment or evaluation of EDPs:

Following criteria are being used by the behavioural scientists to assess the effectiveness of EDPs in the country.

- a) New enterprise creation
- b) Employment generation in quantifiable terms
- c) Creation of job opportunities both directly and indirectly Increase in sales and profit
- d) Enterprise expansion
- e) Enterprise transformation
- f) Improvement in quality of product or services

g) Repayment of loans

Government schemes and incentives for promotion of entrepreneurship. Government policy on small and Medium Enterprises (SMEs) SSIS.

GOVERNMENT POLICIES FOR SSI

From the announcement of first Industrial Policy Resolution (IPR) step by step approach was followed & various policies were implemented during past 5 decades.

IPR 1948– aimed at Post independent national reconstruction through industrialization. It was stated that SSIs are particularly suitable for the utilization of local recourse and creation of employment opportunities. The primary responsibility for developing small industries by creating infrastructure has been provided to state governments.

IPR 1956– provided a clear emphatic policy and incentive support to small scale & cottage industries. It aimed at protection plus development of small industrial sector.

IPR 1977– The main thrust of policy was effective promotion of cottage and small industries in rural and small towns. This thinking specifies the following things:

- Establishment of District Industries Centers (DICs) focusing on regional growth of industries & utilization of local resources and skill.
- Technological up gradation was emphasizes in traditional sector.
- Special marketing arrangements through the provision of services such as standardization, quality control and market survey laid down.

IPR 1980- The policy focused on the need of promoting SSIs through integrated industrial development between large and small sectors. Industrially backward district were identified for faster growth of existing networks of SSIs. Following measures were specified in the policy:

1. Investment limit was raised for tiny, small and ancillary units to Rs. 2 lacs, Rs.20lacs and 25 lacs respectively.
2. Nucleus plants in each industrially backward district replaced the District Industries Centers. These were to concentrates on assembling the products of SSIs and to produce inputs needed by large number of small units.
3. For generation of wage employment & development of entrepreneurial spirit among people small scale sector was again treated most important.

IPR1990 - Policy of economic liberalization & Introduce simple procedures, formalities, rules& regulations. More emphasis to women & youth was given under entrepreneurship. Small Industries Development Bank of India (SIDBI) was established to assist entrepreneurs in the small scale sector.

IPR1991- The basic thrust of this policy resolution was to simplify regulations and procedures by delicensing, deregulating and decontrolling. Features are

1. SSIs were exempted from licensing for all articles of manufacture.
2. The Investment limit was raised for tiny units to Rs. 5 lacs irrespective of location.
3. Priority was given to small and tiny units in allocation of indigenous and raw materials.
4. Market promotion of products was emphasized through cooperatives, public institutions and other marketing agencies and cooperation's.

IPR2000: was actually a compressive policy packages for SSI and tiny sectors. Main focus of this policy is as follows

1. The exemption for excise duty limit raised from 50 lakhs to 1 crore to improve the competitiveness.
2. Credit linked capital subsidy of 12% against loans for technology up gradation was provided in specified industries.
3. The third census of SSIs by the ministry of SSI was conducted which also covered sickness and its causes in SSIs.
4. The scheme of granting Rs.75000 to each small scale enterprise for obtaining ISO 9000 certification was continued till the end of 10th plan.
5. The coverage of ongoing Integrated Infrastructure Development (IID) was enhanced to cover all areas in the country with 50% reservation for rural areas and 50% earmarking of plots for tiny sector.
6. The family income eligibility limit of Rs. 24000 was enhanced to Rs.40000 per annum under the Prime Minister Rojgar Yojana (PMRY)

IPR 2001-02:

1. Investment limit was enhanced from Rs. 1 crore to Rs 5 crore for nut in hosiery and hand tool sub sector.
2. Credit Guarantee Fund scheme was increased from 125 crore to 200 crore.
3. Credit Guarantee cover was provided against an aggregate credit Rs 23 crore till December 2001.
4. Market Development Assistance Scheme was launched exclusively for SSIs sector.

IPR 2003-04:

1. Seventy three items reserved for exclusive manufacture in the SSIs sector were de-reserve in June 2003. These consist of the chemical and their products, leather and their products laboratory reagents etc.
2. Selective enhancement of investment in plant and machinery was raised from Rs. 5crore. It was for 13 items in stationary sector and 10 items of drugs and pharmaceutical sector from June 2003.
3. The investment limit in the plant and machinery was raised from Rs 1crore to Rs 5crore in October 2004, in respect of seven items of sports good to help to upgrade the technology and enhance competitiveness.
4. The small and medium enterprise fund of Rs 1000crore was started by SIDBI since April 2004, with 80% of the lending for SSI unit. The interest rate was 2% below the prevailing prime lending rate of the SIDBI.
5. The Reserve Bank of India raised the composite loan limit from Rs 50 lakhs to Rs 1crore.

IPR 2005-06:

1. The Ministry of Small Scale Industries has identified 180 items for de reservation.
2. Small and Medium Enterprise were recognized in the services sector and were treated on par with SSIs in the manufacturing sector.
3. Credit Guarantee Fund was raised from Rs. 1132 crore in March 2006.
4. Credit Guarantee Trust for small industries was advised to reduce the one time guarantee fee from 2.5 to 1.5 % for all loans.
5. Insurance cover was extended to approximately 30,000 borrowers, identified as chief promoters, under the CGTSI. The sum assured would be Rs2,00,000 per beneficiary and the premium will paid by CGTSI.

NEW SMALL ENTERPRISE POLICY (NESP): -

This was made to provide adequate support to tiny and micro enterprises. Thrust areas are

1. Inclusion of industry- Business & service related enterprises irrespective their location as small scale industries
2. Widen scope of National Equity Fund, enlarge Single window scheme and associate commercial banks with provision of composite loan scheme
3. Financial support to entrepreneurs by allowing equity participation up to 24% of share
4. Setting up of technology development cell in SIDO
5. Setting up of Export development centre in SIDO
6. Liberalization by limited partnership act

7. Integrated infrastructure development system
8. Technology development and equitable distribution of local & imported raw material on ab priority to small & tiny sector
9. Improvement in incentive delivery system.
10. Marketing, market promotion and export support modernization.
11. Quality up gradation and procedural simplification.
12. Increase in investment limit from 2 to 5 lakhs for plant & machineries and tiny industrial units.

INSTITUTIONAL SUPPORT FOR ETREPRENEURSHIP DEVELOPMENT

1. National Level Institutions
2. State Level Institutions
3. Fund Based Institutions

1. National Level Institutions

- a) Small Scale Industries Board (SSIB)
- b) Small Industry Development Organization (SIDO)
- c) National Small Industries Corporation Limited (NSIC)
- d) The Khadi and Industries Commission (KVIC)
- e) National Training Institute Like NISIET, NIESBUD AND IIE

a) Small Scale Industries Board (SSIB)

SSI board is the apex non statutory advisory body constituted by the Government of India to render advice on all issues pertaining to the SSI sector. It provides a forum to its members for interaction to facilitate co-operation and inter- institutional linkages and to render advice to the government on various policy matters, for the development of the SSIs. The board was first constituted in 1954. Its term lasts for two years. The Industrial Minister of the government of India is the chairman of the SSIB. Its key members are state industry minister, some members of parliament, secretaries of various departments of Government of India, financial institutions, public sector undertakings, industry associations, eminent experts in the field etc.

b) Small Industry Development Organization (SIDO)

The office of the Development Commissioner of small Scale Industries is also known as the Small Industry Development Organization (SIDO). It is an apex body, established in 1954, for assisting the Ministry in formulating, coordinating, implementing and monitoring policies and programme for the promotion and development of SSIs. It has over 60 offices and 21 autonomous bodies under its

management, including tool Rooms, Training Institutions and Project –cum- Process Development Centers etc.

Functions of such main bodies are as follows:

1. Small industries Services Institutes (SISIs) are operational one in each state. They provide technical support a consultancy services, conduct entrepreneurship development programmes, and export promotion and liaison activities. Emphasis is also placed on implementation of programmes on modernization, energy conversation, quality control/ upgradation and pollution control for the benefit of entrepreneur.
2. Regional Testing Centers (RTC) provides Testing facilities for product quality upgradation.
3. Tool Rooms/ Tool Design Institutes (TRs/ TDI) assist SSIs in technical upgradation, and provide good quality too long by designing and producing tools, modules jigs and fixtures, components etc
4. Product –cum-Process Development Centers (PPDCs) look into their specific problems and render technical services.
5. Central Footwear Training Institutes (CFTIs) develop footwear designing to promote exports.
6. Sub contract Exchanges fro ancillary Development (SCXs) register and cerate database of the spare manufacturing/ services capacity of SSI, create database of requirements of large/ medium units and match the requirements with the spare capacity available with small units and arrange buyers- sellers meets organize vendor exhibitions, seminar workshops for large small units coordination, quality upgradation export promotion etc. and facilitate flow of data on vendor promotion etc. and facilitate flow of data on vendor development

The main services rendered by SIDO offices are:

- Advising the government in policy formulation for the promotion and development of SSIs.
- Providing techno-economic and managerial consultancy, common facilities to small scale units.
- Providing facilities for technology upgradation, modernization, quality improvement and infrastructure.
- Developing human resources through training and skill upgradation.
- Providing economic information services
- Maintaining a close liaison with the Central Ministries, Planning Commission, State Governments, Financial Institute and other organizations concerned with development of SSIs.
- Monitoring of PMRY scheme.

c) National Small Industries Corporation (NSIC) Limited

National Small Industries Corporation (NSIC) Limited was set up in 1955 with a view to promoting, aiding and fostering the growth of SSIs in the country with focus on commercial aspects of these functions. The corporation has been assisting the sector through the following scheme and activities:

1. **Composite term loan scheme:** To promote small scale sector, NSIC has launched a composite term loan scheme for the benefit of existing and prospective entrepreneurs to acquire land and building machinery and equipment and working capital under one roof to the tiny units.
2. **Hire purchase scheme:** Indigenous and imported machinery and equipment on easy financial terms with special focus on woman entrepreneurs weaker sections, handicapped and ex servicemen and SC/ST entrepreneurs are supplied.
3. **Working capital finance:** This scheme aims at augmenting working capital of viable and well managed units, on selective basis in case of emergent requirement to enable to pay of their purchase of consumable store, spares, and production related overheads particularly electricity bills statutory dues.
4. **Equipment leasing:** It is done mainly to facilitate SMEs to expand their capacities or diversify/ or upgrade their technology according to the needs of the market.
5. **Raw material assistance:** It facilitates availability of scarce raw material either through the domestic market or by importing.
6. **Marketing support programmes:** NSIC has been trying to act as a major agency to bring SMEs closer to many governmental agencies, with the intention of creating confidence in the purchasing agencies about SMEs, and their capabilities to goods and services of requisite quality, economic prices and adherence to agreed delivery schedules.
7. **Tender Marketing:** It participates in bulk local global tender on behalf of SSI. It is aimed at assisting SSIs with the ability to manufacture quality products but which lack brand equity and credibility or have limited financial capabilities.
8. **Integrated marketing support:** NSIC has been operating an integrated marketing support programmes in which bills pertaining to supplies made by small scale units to eligible purchasers are discounted by NSIC up to a certain specified limit.
9. **Government store purchase programmes:** The unit registered with the corporation for participation in government purchase programme are considered at or with individual purchase organizations and derive all the benefits like free supply of tender forms, exemption from payment of earnest money, security deposits, etc.

10. Technology upgradation: Excellent technical support is provided to SIS / SMEs through five NSIC Technical Service Centers. These centers have been recognized by Council of Scientific and Industrial Research for in house R & D. NSIC has set up a Technology Transfer Centers. The latest information provided to online connections and networks of computers on matching technology seekers and technology providers are arranged through the technology Transfer Centers.

11. Software technology parks:

12. Exports:

d) The Khadi and Industries Commission (KVIC):

The Khadi and Industries Commission (KVIC) is a statutory body created by an act of parliament in April 1957. The KVIC is supposed to do the planning, promotion, organization and implementation of programmes for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.

Training institution:

There are three national level training institutes

1. National Institute of Small Industry Extension Training (NISIET), Hyderabad which undertakes operations ranging from training, consultancy, research and education, to extension and information services.
2. National Institute for Entrepreneurship and small Business Development (NIESBUD) New Delhi, which conducts national and international level training programmes in different field and disciplines.
3. Indian Institute of Entrepreneurship (IIE), Guwahati was established to act as a channel for entrepreneurship development with its focus on the North East.

2. State Level Institutions

a) State Small Industrial Development Corporations (SSIDC)

b) State Directorate of Industries (SDIs)

c) District Industries Centers (DICs)

a) State Small Industrial Development Corporations (SSIDC):-

Incorporated under companies Act 1956, SSIDCs were set up in different states as wholly owned companies for promoting industrial development in their respective state.

The main functions of SSIDCs are as follows

1. Providing term finance to all small, medium and large industrial enterprises set up in state.

2. Underwriting and directory subscribing to shares and debentures of industrial enterprises being set up in the state.
3. Preparing feasibility studies, conducting market surveys, and motivating private entrepreneurs to set up their industrial ventures in joint and assisted sector.
4. Implementing scheme of Industrial Development Bank of India (IDBI) of seed capital in the state.

b) State Directorate of Industries (SDIs) :

Under the constitution of India promotion and development of SSIs is a state subject. Therefore the primary responsibility for implementation of policies and programmes of assistance rests with the Directorates of Industries in each state. It acts as under the overall guidance of SIDO and concerned central institutions. It performs both regulatory and developmental functions. It functions through a network of district industries offices, industries offices and extension offices at district sub division and block level respectively

The main functions of SDIs

1. Registration of small scale units
2. Providing financial assistance
3. Distribution scarce and indigenous raw materials to industrial units.
4. Granting essentiality certificates for import of raw material
5. Establishing industrial estates and industrial co-operatives
6. Developing industrial infrastructure.
7. Undertaking industrial surveys and collecting information
8. Arranging concessions and incentives for industries.
9. Overall administration of village and small scale industries.
10. Maintaining liaison with other agencies for industrial development.

d) District Industries Centers (DICs)

The district Industries Centers programmes was launched on May 8, 1978 for effective promotion of cottage and small scale industries widely dispersed in rural areas and small towns. These centers are the focal points providing all the services and support required by small scale and village entrepreneurs under one roof. These serve as integrated administrative framework at the district level for industrial development.

The main functions of District Industries Centers

1. It conducts survey to know industrial potential of a district keeping in view the availability of raw material, human skills, infrastructure, demand etc.
2. It prepares an action plan for industrial development.
3. It appraises the various investment proposals received from entrepreneur.
4. It guides and assists entrepreneur in buying appropriate machinery and equipment and raw materials.
5. It suggests appropriate marketing strategies to entrepreneur.
6. It maintains links with research and development institutions for upgradation of technology, quality improvement, industrial training etc.
7. It conducts artisans training programmes.

3. Fund based Institution:

- a) **Small Industries Development Bank of India (SIDBI)**
- b) **Commercial banks**
- c) **State Financial Corporation's (SFCs)**

a) Small Industries Development Bank of India (SIDBI):

The SIDBI was established in 1990 as the apex refinance bank. The SIDBI is operating different programmes and schemes through five regional offices and 33 branch offices. The financial assistance of SIDBI to the small scale sector is channelized through the two routes direct and indirect

Direct Assistance:

- The loans are available for new ventures, diversification of technology upgradation, modernization and expansion of well run small scale enterprises. Assistance is also available for private sector.
- Small scale sector is eligible for maximum debt-equity ratio of 3:1
- Foreign currency loans for import of equipment are also available to export oriented small scale enterprises.
- SIDBI also provides venture capital assistance to the entrepreneurs for their innovative ventures if they have a sound management team, long term competitive advantages and a potential for above average profitability leading to attractive return on investment.

Indirect assistance:

- SIDBI's financial assistance to small sector is primarily channelized through the existing credit delivery system, which consists of state level institutions rural and commercial banks.

- SIDBI provides refinance to and discounts bills of primarily lending institutes (PLI)
- The assistance is available for marketing of SSI product, setting up of new ventures, availability of working capital, expansion, modernization human recourse development diversification of existing units for all activities.

New Initiatives of SIDBI

1. Two subsidiaries *viz* SIDBI Venture Capital Limited and SIDBI Trustee Company Limited formed to oversee Venture Capital.
2. Technology Bureau for Small Enterprise formed to oversee Technology Transfer, Match making Services, Finance syndication and facilitating Joint Ventures.
3. SIDBI foundation for micro Credit has been launched to provide financial assistance to the poor and to meet emerging needs of the micro finance sector especially in rural areas.

d) Commercial banks

Credit requirement of SSIs is basically of two type's long term loans and working capital. Commercial banks with their extension network of branches operating nationwide are primary channel for working capital requirement. Banks are required to compulsory ensure mat defined percentage of their overall lending is made to priority sectors as classified by RBI. These sectors include agriculture, small industries, export etc. The inclusion of small industries in this list makes them eligible for this earmarked credit. With the liberation of the Indian economy, greater emphasis was placed on meeting the credit needs of SSIs.

This was manifest through the following initiatives taken by RBI

- Credit for tiny sector has been earmarked within overall lending to small industries. In order to ensure that credit is available to all segments of SSI sector, RBI has been issued instructions that out of the funds normally available to SSI sector, 40% be given to units with investment in plant and machinery up to Rs.5 lakhs, 20% for units with investment between Rs. 5lakhs to 25 lakhs and remaining 40 % for other units.
- Public sector banks have been advised to operationalize more specialized SI branches at centers where a potential for financing many SSI borrowers is. As on March 2002, 391 specialized SSI branches are working in the country.
- Single Window Scheme was extended to all districts to meet the financial requirements of SSIs.
- Laghu Udhyaami Credit Card (LUCC) Scheme was launched by public sector banks fro providing simplified and borrowed friendly credit facilitates to SSI tiny enterprises, retail traders and artisans.

- Composite loan limit was enhanced to Rs. 50 lakhs from Rs. 25 lakhs.
- Limit on collateral free loans was increased to Rs 25 lakhs in deserving cases.

c) State Financial Corporation's (SFCs)

The Industrial Financial Corporation of India (IFCI) set up in 1948 used to provide financial assistance to only large sized industrial undertaking. In order to cater to the financial requirements of large number of small scale units, the State Financial Corporations Act was passed. State Financial Corporations Act 1951 was brought into force to enable all the state governments to set up State Financial Corporations as regional development banks. The first SFC was set up in Punjab in 1953. Today there are 18 SFC in the country, which exist almost in every state. A SFC can open its office at different places within the state. Presently following assistance is provided to small scale and medium scale undertakings

1. Providing long term finance to industrial enterprises having sole proprietary, partnership, company and cooperative society form of business organization.
2. Subscribing equity and debentures of industrial enterprises.
3. Providing financial assistance to small and medium enterprises engaged in service sector.
4. Provide working capital loans and meeting various short term needs of their clients.

7. Market survey, formulation of project, financial analysis of project

MARKET SURVEY: DEFINITION, STEPS INVOLVED AND OBJECTIVES

Definition: Market survey is a systematic collection recording and interpretation of data or information about existing or potential markets for given project or services. It is an important market research tool; it employs “sampling techniques.”

Market research is done for discovering what people want, need or believed. It can also discover how people act or react. The research information is utilized to how to market your and how it should be designed.

Instrument used for surveys: Generally questionnaires and focus group discussion survey methods are some of the instruments in market survey.

The information about market is obtained from the potential customers, dealers and people with expert knowledge about project service.

Following aspects should be considered while conducting market survey.

- i. Market structure
- ii. Market size
- iii. Estimated market share
- iv. Demand pattern
- v. Demand for certain product /services
- vi. Buying habit and willingness of buyers
- vii. Past and present variation / trend affecting selected or similar product

Need for the market survey: - Every enterprise small or big needs market survey for

- Picking up leads
- Planning to create new venture
- Business expansion, product betterment, amalgamation merger
- Diversification of enterprise
- New product launching
- For identifying customers
- For knowing dominance of competitor
- For marketing analysis

Categories for market survey:-

- **B2B:** Business to business market survey/ research

- **B2C:** Business to customer market survey/ research

Steps involved in the market survey:

1. **Objective of survey:**-It is necessary to decide objectives or the information which is need for conducting survey. Then identify the sources which will provide the information. Thereafter decide time period and the survey making. At last, working methodology and action plan for survey making should be finalized.
2. **Sampling:**- If the population of respondents is very large then close representative sample from each of the category which is called as sample survey. Accordingly respondents may be at proper time and information is collected.
3. **Questionnaire:**- In order to obtain the specific information from the respondents prepare a questionnaire/ schedule related to the objectives
4. **Analysis of data:** Once adequate data is collected from the various respondents depending on the sample size, it is analyzed for drawing conclusions.
5. **Reporting:** On the basis of analysis of data comprehensive report prepared and conclusions are drawn for the purpose for which survey is conducted e. g. market potential.

Types of the market survey:

Market surveys are categorized into two types:

1. **Qualitative survey:** These surveys are intended to explore an issue with the people and no questionnaires are used. It is carried out by discussion with the people and no questionnaires are used. It is carried out by discussion with people in person, or on telephone, internet. Qualitative surveys are used two main approaches,
 - a. **Depth interview-** Wherein one tone interview is conducted and
 - b. **Focus group-** Wherein individual in group puts ideas and discussion is employed to explore topic.
2. **Quantitative Survey:-**

Types of other common survey:

These surveys are used for much common purpose like rating performance, identifying customer's cluster, to understand attitudes of people their behavior, to determine impact of own advertisement , measure of awareness of the people etc. some of such surveys are given below:

- i. **Customer satisfactory survey**

- **Purpose:** To rate satisfaction performance.
 - **Nature:** These surveys are of evaluative nature of enquire and questions to customers like about specific problems in using the product/service quality of products etc. are asked.
- ii. **Market segment survey:-** In simple, division of market into customer- cluster or subgroups on the basis of geographical , technical, gender, demographic, product differences etc. is called market segmentation.
- **Purpose:** To identify well define customers – clusters with distinct preferences in common.
 - **Nature:** This survey is intended to enquire about customer’s attitude, behaviors, attributes and preferences so that they can sub grouped into clusters.
- iii. **Service usage survey**
- **Purpose:** To identify service users and to what extent, frequency and for what purpose.
 - **Nature:** Question about above purposes
- iv. **Usage intensions survey**
- **Purpose:** To determine people intensions to use a particular service/ product.
 - **Nature:** To predict people demand for a particular services/ products.
- v. **Brand image and perception survey**
- **Purpose:** To understand how the library is regarded by the customers.
 - **Use:** To compare the library with other providers.
 - **Nature:** Survey is descriptive in nature rather than evaluative.
- vi. **Tracking survey**
- **Purpose:** To determine the impact of advertisement or political campaign on customer / voters /citizens.
 - **Basis:** To calculate impact a baseline before the campaign starts. Conduct survey at regular intervals.
- vii. **Media usage survey**
- This survey is used to identify which formats/ outlets are likely to reach which groups of people /customers.

How to write survey questionnaire?

A questionnaire intending to obtain needed information design for your written survey is a simple productive tool. It helps in obtaining constructive feedback from existing and potential customers/ consumers/ users/ clients/ respondent.

How to prepare a questionnaire for survey?

Step 1:- Decide what type of information is needed to be gathered from the respondents through this survey.

Step 2:- Ask only those related questions that will provide the intended information.

Step 3:- Ask the easy questions for almost anyone can understand, in a casual or conversational style.

Step 4:- Design the survey question in logical order and the information to come out from general to specific.

Step 5:- Ask multiple choice questions whenever possible to by this respondent will understand your purpose and respond quickly, complete questionnaire saving time and labour.

Step 6:- Avoid leading questions that might generate false positive responses

Step 7:- Use the same rating scale (say giving similar weightage @ 9.1 to 5, to all questions) throughout your survey for questions requiring the respondents to rate items.

Step 8:- Lost the survey, on a sample of 10 to15 people for easy to understand and easy to answer nature of questionnaire before you produce it for mass distribution.

Importance of market survey:-

- It minimizes risk of business or selling product and helps whether to launch or not, or if launched how to sell.
- It minimizes chances of too much investing avoiding failure of enterprise
- It helps to tailor product to a target or beneficiary as per needs/ wants of customers.
- It helps management in making decision related to identification and solutions of problems.
- It helps to identify and asses changing elements of market and its impact on customers.

Advantages:

- Useful information is obtained
- Data information helps to decide target market

- Data information helps to decide whether the product is liked or disliked by the customers
- If disliked, what modifications to be made in product.

PROJECT- MEANING, IMPORTANCE, COMPONENTS AND PREPARATION

MEANING OF PROJECT REPORT

Formulation of project report / business plan is one of the first corner stone's to be laid down in setting up an enterprise.

An entrepreneur when take decision to convert his / her business idea into a running concentration of right project goes to validate the time preposition: "Well being in half done"

Meaning/ Definition of Project

Webster Dictionary defines a project as a scheme, design, a proposal of something intended or devised.

CLASSIFICATION OF PROJECT:-

1 Quantifiable and / Non quantifiable project

2 Sectoral projects

3 Techno-economic projects

1 Quantifiable project:- The project for which plausible quantitative assessment of benefits can be made are called quantifiable project. Project concern with industrial development, power generation, and mineral development falls in this category.

Non quantifiable project:- Non quantifiable project are those in which plausible quantitative assessment can be made e. g. health, education, defense etc.

2 Sectoral projects: - The project which falls in any of the following sectors are called sectoral project.

- a. Agriculture and allied sector
- b. Irrigation and power sector
- c. Industry and mining sector
- d. Transport and communication sector
- e. Social services sector
- f. Miscellaneous sector

3 Techno-economic projects:- Project classification based on techno-economic characteristics falls in this category.

- a) **Factor Intensity- Oriented Classification:** Capital intensive or labour intensive projects falls in this category. If large investment is made in plant and machinery, the project is called as capital intensive. The project involving large number of human resources is termed as 'labour intensive'.
- b) **Causation - Oriented Classification:** The project may be classified as the demand based or raw material based projects. The demand for certain goods or services makes the project demand- based whereas the availability of certain raw material, skills or other inputs makes the project raw material based.

Project Report:-

In simple words, project report or business plan is a written statement of what an entrepreneur-proposes to take up. It is a kind of guide frost or course of action what the entrepreneur hopes to achieve in his business and how is he going to achieve it.

In other words, project report serves like a kind of big mad map to reach the destination determined by the entrepreneur.

Thus, a project report can best be defined as a well evolved course of-action devised to achieve the specified objective within a specified period of time. So to say, it is an operating document.

IMPORTANCE OR SIGNIFICANCE OF PROJECT REPORT

The preparation of a project report is of great significance for an entrepreneur.

- It describes the direction the enterprise is going in, what its goals are, where it wants to be, and how it is going to get there.
- It also enables an entrepreneur to know that he is proceeding in the right direction.
- to attract lenders and investors
- The preparation of project report is beneficial for those small enterprises which apply for financial assistance from the financial institutions and the commercial banks
- It is on the basis of project report that the financial institutions make appraisal if the enterprise requires financial assistance or not.

COMPONENTS OF A PROJECT REPORT

There is no substitute for a well-prepared business plan or project report and also there are no shortcuts to preparing it. The more concrete and complete the business plan, the more likely it is to earn the respect of outsiders and their support in making and running an enterprise.

Therefore, the project report needs to be prepared with great care and consideration. A good project report should contain the following components.

- 1) **General Information:** Information on product profile and product details.
- 2) **Promoter:** His/her educational qualification, work experience, project related experience.
- 3) **Location:** Exact location of the project, lease or freehold, location advantages.
- 4) **Land and building:** Land area, construction area, type of construction, cost of construction, detailed plan and estimate along with plant layout.
- 5) **Plant and Machinery:** Details of machinery required, capacity, suppliers, cost, various alternatives available, cost of miscellaneous assets.
- 6) **Production Process:** Description of production process, process chart, technical knowhow, technology alternatives available, production programme.
- 7) **Utilities:** Water, power, steam, compressed air requirements, cost estimates, sources of utilities.
- 8) **Transport and Communication:** Mode, possibility of getting, costs.
- 9) **Raw Material:** List of raw material required by quality and quantity, sources of procurement, cost of raw material, tie-up arrangements, if any
- 10) **Manpower:** Manpower requirement by skilled and semi-skilled, sources of manpower supply cost of procurement, requirement for training. and its cost.
- 11) **Products:** Product mix, estimated sales, distribution channels, competitions and their capacities, product standard, input-output ratio, product substitute.
- 12) **Market:** End-users of product, distribution of markets local, national, international, trade practices, sales promotion devices, and proposed market research.
- 13) **Requirement of Working Capital:** Working capital required, sources of working capital, need for collateral security, nature and extent of credit facilities offered and available.
- 14) **Requirement of Funds:** Break-up of project cost in terms of costs of land, building, machinery, miscellaneous assets, preliminary expenses, contingencies and margin money for working capital, arrangements for meeting the cost of setting up of the project.
- 15) **Cost of Production and Profitability of first ten years.**
- 16) **Break-Even Analysis:-**
$$\text{BEP} = \frac{\text{Fixed Cost}}{\text{Sales Projected} - \text{Variable costs}} \times 100$$

17) Schedule of Implementation

PREPARATION OR FORMULATION OF A PROJECT REPORT

The process of Project formulation can be divided into eight distinct and sequential stages. These stages are:

1. General Information.
2. Project Description.
3. Market Potential.
4. Capital Costs and Sources of Finance.
5. Assessment of Working Capital Requirements.
6. Other Financial Aspects.
7. Economic and Social Variables.
8. Project Implementation.

The nature of information to be collected under each one of these stages has been given below.

1. GENERAL INFORMATION: The information of general nature given in the project report includes the following:

- a) **Bio-data of Promoter/s:** Name and address of entrepreneur/s; the qualifications, experience and other capabilities of the entrepreneur/s;
- b) **Industry Profile:** A reference of analysis of industry, to which the project belongs, e.g., past performance; present status, its organization, its problems etc.
- c) **Constitution and Organization;** The constitution and organizational structure of the enterprise; in case of Partnership firm, its registration with the Registrar of Firms; application for getting Registration Certificate from the Directorate of Industries/District Industry Centre.
- d) **Product Details:** Product utility, product range, product design; advantages to be offered by the product over its substitutes, if any.'

2. PROJECT DESCRIPTION

A brief description of the project covering the following aspects is given in the project report.

- a) **Site:** Location of enterprise; owned or leasehold land; industrial area; No Objection Certificate from the Municipal Authorities if the enterprise location falls in the residential area.
- b) **Physical Infrastructure:** Availability of the following items of infrastructure should be mentioned in the project report:

- i. **Raw Material:** Requirement of raw material, whether inland or imported, sources of raw material supply.
- ii. **Skilled Labour :** Availability of skilled labour in the area, arrangements for training labourers in various skills.
- c) **Utilities:** These include:
 - i. Power: Requirement for power, load sanctioned, availability of power.
 - ii. Fuel: Requirement for fuel items such as coal, coke, oil or gas, state their availability.
 - iii. Water: The sources and quality of water should be clearly stated -in the project report.
- d) **Pollution Control:** The aspects like scope of dumps, sewage system and sewage treatment plant should be clearly stated in case of industries producing emissions.
- e) **Communication System:** Availability of communication facilities, e.g., telephone, telexes etc. should be stated in the project report.
- f) **Transport Facilities:** Requirements for transport, mode of transport, potential means of transport, distances to be covered, bottlenecks etc., should be stated in the business plan.
- g) **Other Common Facilities:** Availability of common facilities like machine shops, welding shops and electrical repair shops etc., should be stated in the report.
- h) **Production Process:** A mention should be made for process involved in production and period of conversion from raw material into finished goods.
- i) **Machinery and Equipment:** A complete list of items of machinery and equipments required indicating their size, type, cost and sources of their supply should be enclosed with the project report.
- j) **Capacity of the Plant:** The installed licensed capacity of the plant along with the shifts should also be mentioned in the project report,
- k) **Technology Selected:** The selection of technology, arrangements made for acquiring it should be mentioned in the business plan.
- l) **Research and Development:** A mention should be made in the project report regarding proposed research and development activities to be undertaken in future.

3. MARKET POTENTIAL

- i. **Demand and Supply** Position-State the total expected demand for the product and present supply position. This should also be mentioned how much of the gap will be filled up by the proposed unit.

- ii. **Expected Price**-An expected price of the product to be realized should be mentioned in the project report. Marketing Strategy-Arrangements made for selling the product should. Be clearly stated in the project report.
- iii. **After-Sales Service**-Depending upon the nature of the product, provisions made for after-sales service should normally be stated in the project report. Transportation-Requirement for transportation means indicating whether put transport or entrepreneur's own transport should be mentioned in. the project report.

4. CAPITAL COSTS AND SOURCES OF FINANCE

An estimate of the various components of capital items like land and buildings, plant and machinery, installation costs, preliminary expenses, margin for working capital should be 'given in the project report. The present probable sources of finance should also, be stated in the project report. The sources should indicate the owner's funds together with funds raised from financial institutions and banks.

5. ASSESSMENT OF WORKING CAPITAL REQUIREMENTS

The requirement for working capital and its sources of supply should be carefully and clearly mentioned in the project report. It is always better to prepare working capital requirements in the prescribed formats designed by limits of requirement. It will minimize objections from the banker's side.

6. OTHER FINANCIAL ASPECTS

In order to adjudge the profitability of the project to be set up, a projected Profit and Loss Account indicating likely sales revenue, cost of production, allied cost and profit should be prepared. A projected Balance Sheet and Cash Flow Statement should also prepared to indicate the financial position and requirements at various stages of the project

In addition to, above, the Break-Even Analysis should also be presented in the project report. Break-even point is the level of production/sales where the industrial enterprise shall earn neither profit nor incur loss. In fact, it will just break even. Break-even level indicates the gestation period and the likely moratorium required for repayment of loan. Break-even point (BEP) is calculated as follows:

$$\text{BEP} = \frac{F}{S - V} \times 100$$

where, F= Fixed Cost

S= Sales Projected

V= Variable Costs

Thus, the break-even point so calculated will indicate at what percentage of sales, the enterprise will break even.

7. ECONOMIC AND SOCIAL VARIABLES

In view of the social responsibility of business, the abatement costs, i.e., the costs for controlling the environmental damage should be stated in the project. Arrangement made for treating the effluents and emissions should also be mentioned in the report. Besides, the socio-economic benefits expected to accrue from the project should also be stated in the report itself. Following are the examples of socio-economic benefits.

I. Employment Generation.

II. Import Substitution..

III. Ancillarisation.

IV. Exports.

V. Local Resource Utilization.

VI. Development of the-Area.

8. PROJECT IMPLEMENTATION

Last but no means the least, every entrepreneur should draw an implementation scheme or a time-table for his project to ensure the timely completion of all activities involved in setting up an enterprise. Timely implementation is important because if there is a delay, it causes, among other things, a project cost overrun. Delay in project implementation jeopardizes the financial viability of the project, on the one hand, and props up the entrepreneur to drop the idea to set up an enterprise, on the other. Hence, there is a need to draw up an implementation schedule for the project and then to adhere to it. Following is a simplified implementation schedule for a small project.

An Illustrative Implementation Schedule

Tasks /Months	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Formulation of Project Report														
Application for Term-Loan														
Term Loan Sanction														
Possession of Land														
Construction of Building														
Getting Power and Water														
Placing Order for Machinery														
Receipt and Installation of Machinery														
Manpower Recruitment														
Trial Production														
Commencement of Commercial Production														

The above schedule can be broken up into scores of specific tasks involved in setting up the enterprise. Project Evaluation and Review Technique (PERT) and Critical Path Method (CPM) can also be used to get better insights into all activities related to implementation of the project.

8. COMMUNICATION MEANING AND PROCESS

Communication is an exchange and expression of opinions, facts and ideas and feelings. Communication may be intrapersonal or interpersonal. Intrapersonal means when we try to communicate with ourselves. But when we convey a message to others it is interpersonal.

Communication is transmission and interchange of ideas, facts, feelings or course of action.

The interchange of thought or information to bring about mutual understanding and confidence or good human relations.

Communication Process: - Communication process involves following elements

1. **Sender:** Communication process being from sender as he transmit message to receiver.
2. **Message:** A message is a single that triggers the response of a receiver. Message may be verbal I e. Written or spoken or non verbal i.e. appearance, silence, sounds appearance yawns, sign, etc.
3. **Encoding:** Sender has to choose certain words or non verbal methods when he sends a message. It is called as encoding. While encoding, one has to consider what content is to be included, in what way receiver will interpret it and how it will affect one's relationship. A simple message like thankful is easy to communicate. But if there is any bad message like salary deduction, which is to be informed to 200 employees is difficult.
4. **Channels:** How message is to be sent? Either through electronic word processing system to be read on receiver screen or through graphic symbols on paper or through printed word or via sound medium. In short one should write or speak

Interrelationship between sender and the receiver influenced the choice of the channel or medium either written or oral. It depends upon the urgency of message to be sent. Besides above one has consider the importance, amount of information, number of receiver and cost of messages. If message need immediate reply on oral channel is best choice. But if message containing complicated details figures or if it is to be filled up for future reference, a written communication is necessary.

5. **Receiver:** A receiver is people who attaches and notice some meaning to a message.
6. **Decoding:** Decoding of message by receiver is necessary fro attaching meaning to the words or symbols. If message reaches intact to its intended received there is no guarantee that message will be understand as the sender intended it to be. Decoding may not be

always accurate. It depends upon the expediencies of an individual. All may not have identical experience of subject or symbol chosen by the senders. There may be chances of misinterpretation personal biases may intervene, as each receiver tries to perceive the intended meaning of the sender's idea in his/her own receptor mechanism.

7. **Feedback:** It is a response of receiver to a sender. A receiver reacts or responds to the communication. The response may be based on clear interpretation of symbols sent or misunderstanding or misinterpretation of the symbols. Feedback may be oral, non verbal, verbal or written. Feedback is an important component of communication process as success or failure of communication is decided by feedback.

WRITTEN SKILLS BUSINESS LETTER WRITING

A letter is means of contact between two or more person's organizations which is necessary to communicate views, ideas, messages, demands etc. A business letter has a distinctive structure and appearance. It has specific style position and functions as established by customs and followed for convenient handling and processing correspondence.

Appearance of letter: A letter makes visual impression before it is read. It should be attractive and has presentable appearance.

1. **Stationary:** - Stationary used for letter writing must be of good quality. Generally pure white paper with black print is used for letter writing typing. The envelop for the letter must be of same quality with same type of print as on letterhead.
2. **Computer:** Now a day's computer is used for letter and typing should be properly clean and maintained. If typewriter available, good quality ribbon and carbon is necessary for making required copies.
3. **Typing:** typing must be neat and clean without any corrections. While typing equal spacing between paragraphs and different part should be kept. The letter should be placed carefully in the centre of the page using appropriate margin on left, right and bottom. Generally one and half inch margin on left, one inch on right and one inch at bottom is kept. Similar margin should be kept for second page also in case of continuous sheet.
4. **Style of layout:** A suitable style of layout is adopted by every organization and all typists are expected to type letter in adopted style. (Most word processing packages offer the choice of full block or modified block style of layout.)

- 5. Paragraph:** In a business letter paragraphing is important for composition and pleasing appearance. Paragraphing is necessary for breaking up composition into readable, logical and progressive units.

Usually, business letter has three to four paragraphs. A opening paragraph should be short which may have two or here sentences. Middle paragraphs may be one or two which are longer and carries the main messages. Last paragraph is a closing paragraph which may have only one sentence.

- 6. Folding:** A letter to be sent should be properly folded. Badly folded letter creates pair impression. The size of the folded letter should be such that it fit in the envelope and some space in left for cutting the envelope to open.
- 7. Address:** The address on the envelop should be in block form half way down and one third inward from the left so that it should not affect franking or stamping of post office. The practice of writing to is out dated now a day.

**BASIC PRINCIPLES OF BUSINESS LETTER WRITING: ENQUIRY,
QUOTATION, TENDERS, COMPLAINT LETTERS, JOB APPLICATION
LETTERS etc.**

Basic Principles: The basic principles of letter writing are as under:

- 1. Courtesy and consideration:** Courtesy is like lubricants which makes life smooth and help to win friends as it removes friction. It is a basic principal of social relationship and regards the feeling of others. Courtesy creates good will, produces favorable response and also soften unpleasant information. Writing discourteous or rude letters in business is always bad as it loses friends and business. On the contrary courteous reply to rude letters creates favorable response. Goodwill is a greatest asset in business as well as for organization. Courteous correspondence is one of the most natural and economical means of building business as well as organization.
- 2. Clarity and precision:** Simple expression and clear thinking are the important properties of effective writing. The reader must understand what one say through letter. The letter should be clear in meaning and readers have no difficulty in understanding the content of letters.
- 3. Directness and conciseness:** Letter is means of content between two person and also organizations. An entrepreneur and organization is recessing number of letter daily. It

may be irritating for them to read long introduction and preliminaries. Transmission of maximum information with using minimum words should be at the aim of letter writing. Clear and concise writing is always pay attention of the reader. Therefore avoid unnecessary writing.

Types of Layouts:-

A letter has number of parts as discussed in basic principles of letter writing. These part of letter are arranged in different forms, called as “Layout” or “Letter style”. A letter should be in pleasing style.

Following are the various forms of a letter layout.

1. **Indented form:** It is also called as “stepp inform”. It is an old form of letter writing and not popular today. In this form, the inside address, body of letter and all first line paragraph are indented fire to seven spaces from the margin, comma is kept at the end of each line of address and full stop of at the end of first line. A letter of this form looks uneven in appearance and difficult to type as it takes much time for space adjustment.
2. **Block Form:** The block form is most popular and widely used by many concesus. In this form, date line, complementary close, signature and designation are writing at the right hand side of letter sheet. Double space is used to separate and distinguish between paragraphs. Every line of inside name and address, each paragraph, commences from the left hand corner of a letter sheet in this type.
3. **Semi block Form:** It is the combination of block and indented from. The address is written in block form and the first line of every paragraph, usually indented in five spaces. The complementary close, designation and signature placed below the body of letter at right hand corner. Punctuations are open and this form is easy to type.
4. **Full Block Form:** Full block form is also called as “complete block form” It is modern and fashionable form. In this formline, date, inside address, each paragraphs, salutation complementary close, signature and designation and name of commences from left margin. This form is used by many concerns. Double space is allotted to separate and distinguish each Para. It is easy to type as it does not required change of margin and adjustment. But the appearance of form is imbalance.
5. **Modified Block Form:** This is more popular form. It is used for writing senders address, date, complimentary close, signature at right hand corner. The body of letter containing

other parts commences from left hand margin fully in block form. It looks like full block form with mixed punctuations.

- 6. Hanging Indentation Form:** It is special form of letter writing and quite distinct from block form, semi block form and full block form margin. This form is not popular but style is followed for writing sales letter.

In this form, first line of every paragraph begins from margin and all other line of paragraph is flushed five spaces from margin. Every beginning paragraph is at the margin and all subsequent line of that paragraph is indented 3 to 5 spaces. The head address is placed at the centre or at a corner of left hand side. The complimentary close, signature, and designation are placed at right hand corner. This form attracts readers due to its distinct block.

- 7. NOMA Form:** NOMA stands for National Office Management Associations. This block looks impressive as it is little shorter.

Characteristics of Good business Letter: A good business letter had following characteristics.

1. **Originality:** A letter written in original fashion drawn attention of reader immediately.
2. **Simplicity:** A business letter should be simple and in common words which is easy for readers to understand.
3. **Correctness:** Facts and figures written in the letter must be accurate.
4. **Completeness:** A business letter should contain all the required information and essential things.
5. **Clearance:** A letter should be very clear and in simple language. Do not use difficult words.
6. **Conciseness:** A business letter should be short and complete in all respect. Avoid round about expression and unwanted discussion.
7. **Effectiveness:** Business letter should be attractive, convincing and persuasive to increase its effectiveness.
8. **Courtesy:** A business letter should be in polite language. Do not use harsh words.
9. **Coherence of unity:** Coherence indicates logical sequence of ideas. Subject matter in the business letter should be arranged such a manner that the reader gets all the information easily.

10. **Timeliness:** The intended letter should be written its proper time otherwise it become redundant.

Form and style of business letter:

Following points should be considered while writing business letter.

- | | | | |
|--|-------------------|---------------|-----------------------|
| 1. Heading | 2. Inside Address | 3. Salutation | 4. Body of the letter |
| 5. Complementary close or subscription | 6. Signature | 7. Enclosures | |
| 8. Initials | | | |

1. **Heading:** Heading contains firm's name, address and date. On the left hand side (below) there is telegraphic address, telephonic number, name and edition of code used. On the right hand side, street number, name of city and date is mentioned.
2. **Inside Address:** On the left hand side of the page, inside address is written just after the printed portion of the letter. The inside address should be same as that written on the envelope in three lines as under.
e.g. X. Y. Z. & Co., (Name of person & firm)
44, Om Nagar (Shop no. & Street)
Nashik (City)
India (Country in case foreign)
3. **Salutation:** It is greeting paid to in the beginning of a letter. Salutation in case of male is Dear Sir, and women as Dear Madam should be written. If firm is to be addressed, Dear Sirs should be used.
4. **Punctuations:** Like commas, full stop etc. should be written as above. When name of firm/ company begins with impersonal work i.e. not with the name of person, then article 'The' must be prefixed to its name, i.e. "the State Bank of India". When firm/ company consist ladies name, the word M. Mes, should be prefixed to the name as M.Mes. X. & X.Y.Z.
5. **Body of the letter:** It is most important part of the letter. It is dividing into many paragraphs. The first para is introductory para. Middle para constitute main body and contained rest of the letter. The last para is concluding para. Introductory para should begin with friendly expression as "We are glad..." and "WE are happy to..." If the letter is first one on the subject then it is to be opened in an attractive fashion as "We are glad to inform you that, we have just launched one car in the market which cheaper than other

cars”. When reply to previous letter is to be give reference of that should be given in that para. “We are happy to receive your letter No.13, dated January 9, 2024.

6. **Complementary close or subscription:** The subscription must be agree with salutation. ‘Dear Sir, Gentleman” is a common form of salutation with which “Yours faithfully” should be used. Yours sincerely may be used when personal relations are intimate.
7. **Signature:** The signature of writer is placed down next and it is not typed. It is always written by hand. If signature of writer is illegible, then it is type below the space provided for signature and placed within brackets.

There are some rules for the signature.

- A person writing letter should sign himself.
 - In case of partnership firm, any person is illegible to sign in the name of firm.
 - Employee of firm like manager or Secretary cannot sign in the name of firm unless authorized by power of attorney to sign.
 - If manager is not authorized by attorney he must write for before the firm name and sign.
 - Letters from a joint stock company, which is lifeless body, cannot be sign by the company itself letters are signed by manager or secretary. Managing director can also sometimes.
 - Person signing on letter has to show that they are signing for and on behalf of company by putting ‘for’ before the name of company or per pro. They must be authorized by power of attorney to sign on behalf of company.
8. **Enclosures:** Enclosures are the documents attached with the letter. The word ‘Enclosures’ or ‘Encl’. Or ‘Enc’. Is to be type on left hand bottom corner and member should be mention after that.

Specimen of a business letter

A i Heading

**i) AGRO SERVICE CENTRE
(Dealers in Manure fertilizers and Pesticide)
Telephone:
Telegram:
16th January 2014
ii. M/s. Shrawani Patil, Nashik**

ii Inside Address

iii Salutation	ii. Dear Madam/ Respected Madam
iv Complementary Close or Subscription	iv Yours faithfully
v Signature	v sd/-Manager
vi Enclosures	vi Encl.
vii Initials	vii S.S.P

Job offer for letter of Application

A letter of application for employment should include:

1. It is necessary to mention, whether the applicant is sending application as per advertisement or applying on his own accord.
2. Age, education, and experience of the applicant.
3. References, testimonials or an expression of applicants' earnestness of purpose.
4. Letter of application are of two types of under:
Solicited if is in response to an advertisement.
Unsolicited, if applicant is sending on his / her accord.

Brief resume of the applicant should be attached to his letter.

ADVERTISEMENTS: MEANING, TYPES, FORMS AND FUNCTIONS

The word advertisement is derived from the latin word 'advertere' means "to turn the mind toward". Advertising messages are usually paid for by sponsors and viewed via various medias like newspaper, magazines, television, radio, outdoor advertising, direct mail, blogs, websites, text messages etc. Advertisements are arguments for betterness or usefulness of products or services.

Definitions:

"Advertisement is the non-person communication of information usually paid form and unusually persuasive in nature about products, services or ideas by identified sponsors through the various media."

"Any paid from of non-personal presentation and promotion of goods or service by identified sponsor." In other words advertisement is paid use of any channels of communication like radio, television, films press etc. to identify, explain or to urge the use or adoption of a product, service or idea.

Purpose of Advertisement:

- Publicity of the product.
- To attract consumers/ customers.
- To create social awareness.
- To convey message to the public.
- To alert people about natural calamities, war etc.
- To sale the product.
- Recruitment of the employees.
- To attract voters during elections.

Characteristics of Advertisement:

- You pay for advertisement.
- You control what is said.
- You control hoe it is said.
- You control to who it is said.
- You control where it is placed for advertising.
- You control the frequency of use.

Classification of advertisement:

1) Product or Non-product: A product is goods or service for which customers /clients will exchange something in terms of value. The purpose of advertisement is to promote or sell the goods or services to somebody. Non product advertising is also known as institutional advertisement. The purpose is not to sell something but tell public that such organization exists. Non-product advertisement constitutes institutional or corporate advertising in which the manufacture/ institution/ advertiser trying to polish or built up its image or influence public opinion about an issue.

2) Commercial or non-commercial: A commercial and non commercial advertising is very easy to understand. If the purpose of advertisement is to make profit then it is commercial otherwise it is called as noncommercial advertising. Most of the advertisements are seen commercial.

3) Primary demand and selective demand advertising: These advertisements stimulate the need for a particular category. The object of advertisement is not to sell the brand. Once the

need for particular category is established, selective demand advertising comes in picture. These advertisements concentrate on a particular brand of a product and try to promote.

4) Direct action and indirect action advertising: Sometimes advertisements are design to get immediate response of audience. These advertisements are called direct action advertisements. These advertisements bear a toll free number and sales promotion incentives. Indirect action advertisement is done to build awareness of the product.

Form and layout of Advertisement:

In advertising, the term media refers to communicational vehicle such as newspaper, magazine, radio, television, billboards, direct mail and internet. Advertisers use media to convey commercial messages to their target audience. Advertising in print media constitutes a major part of any advertising campaign. Television advertisements are volatile and more expensive at the same time. But print advertisements are relatively less expensive and have good reach. In print media, advertisements can be designed keeping in mind the kind of audience, the newspaper or magazine in expected to read by. Hence, print media has an upper hand in an advertising campaign. Technicalities involved in print media are as under.

Components of Print Advertisement:

- 1. Visual:** - Though you do not require visual but it will help to draw attention to your advertisement. Research indicates that, 70% of people will only look at the visual in advertisement, whereas only 30% people will read the headlines.
- 2. Headlines:** - Headline is first and most important essential component of the advertisement. The name of the product should be used in the headline for better recall, value. Headline must be short, attractively shaped and must touch the people who read it. Headline must influence the readers emotionally, by making them to laugh, angry, curious or think.
- 3. Copy:** - This constitutes the text of an advertisement. Compelling arguments or persuasive facts should be properly stated. Few strong arguments make more impression than a lot of weaker ones. Too much non-impactive information is not good. Advertisement should be clear, precise and honest. Any hint of deception will instantly detract from entire messages.
- 4. Style:** - Body copy presentation also has different style. Straight line copy is continuation from the headline and is written in the words of an anonymous or unacknowledged

source. Narrative copy is used to tell a story in first or third person. It persuades the same selling point in different context. Dialogue lets the readers listen to the conversation of the characters that are in advertise. This makes advertise more believable as the characters portrayed in the print advertise, speak from their own experience.

5. **Slogan:** - The slogan is also known as the theme or tagline. Slogans are equally important as the headline as it is not only used for advertising but also to the sales people and the company employee. It is a component of advertise which has maximum recall value.
6. **Logo:** - Logo is symbolic representation of company. It can be picture or combination of both. Sometimes its significance is so much that the advertiser relies on the logo completely.

Types and form of advertising:-

1. Television advertising / Music in advertising:

The TV commercial is generally considered as the most effective mass market advertising format. Virtual advertisements may be inserted into regular television programming through computer graphics. Virtual billboards may be inserted into the background where none exist in real life. This technique especially used in television sporting events. Virtual product placement is also possible

2. Infomercials:

It is long format television commercial, typically five minute or longer. The main objective is to create an impulse purchase, so that the customers sees the presentation and then immediately buys the products through toll-free telephone number or websites.

3. Radio advertising:

It is from of advertising via radio. Radio advertisements are broadcasted as radio waves to the air from a transmitter to antenna and to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials.

4. Online advertising:

It is from of promotion of product that the internet and World Wide Web (WWW) for the expressed purpose of delivering marketing messages to attract customers. Online advertisements are delivered by adserver.

5. Product placement:

1. **Covert advertising:** - It is also known as guerrilla advertising. It is promoted when a product or brand is embedded in entertainment and media.
2. **Press advertising:** - Press advertising describes in a printed media like newspaper, magazines, or trade journals. A form of press advertising is classified advertising. This allows private individuals or companies to purchase small, narrow targeted advertisement at low advertising fee. Display advertising is another form of press advertising. It is a larger ad that typically runs in an article section of a newspaper.
3. **Billboards advertising:** - Mobile billboard are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by client. They can also be equipped cargo trucks or in some cases, large banners with from planes and trains. Billboards are often lighted, some being backlit and other employing spotlights. Some billboard display is static, while others are dynamic, illuminating, moving.
4. **In- store advertising:**-In- store advertising is any advertisement placed in a retail store. It includes placement of a product in visible location in a store.
5. **Coffee Cup advertising:-** Any advertisement placed upon a coffee cup that is distributed of an office, café or drive- through coffee shop.
6. **Street advertising:** - It is an outdoor advertising on street furniture and pavements.
7. **Sheltered outdoor advertising:** - This type of advertising opens the possibility of combining outdoor with indoor advertisement by placing large mobile, structures (tents) in public places on temporary basis.
8. **Celebrity branding advertising:-** This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or product.

Agricultural Advertising and Marketing:

Agricultural advertising is a vital component for the success of your business. An ad agency focused on agriculture marketing can give you targeted advice on marketing strategies to increased your bottom line and establish media relationship that will serve you well initio the future. With the current economic climate, increased brand awareness through consistent media exposures is the best way to keep your company name in front of your potential customers.

Agriculture marketing is more important than ever since the economy is in a constant state of flux and your market place is growing more competitive each passing day. Direction from agriculture advertising agencies will help you get the maximum return on your marketing investment by applying their specific expertise to your area of agriculture. There are six basic areas of agriculture marketing:

1. Commodity Marketing: Agriculture ads from product coming from the earth.
2. Wholesale agriculture advertising: Farming advertisement
3. Retail agriculture advertising: Marketing for retail outlets.
4. Farmers market advertising: Promoting farmers selling to the consumer.
5. Green industry marketing: Agricultural advertisements promoting plants flower, charismas trees and seeds to distribution channels.
6. Processed foods marketing: Agricultural ads for dairy, meat and poultry industries.

Functions of Advertisements:

1. To creates awareness regarding products, goods services, etc. amongst clients, general public, public and all concerned.
2. To communicate information about products, goods services, etc.
3. To increased brand preferences and loyalty.
4. To motivate the clients, general public, public and concerned persons regarding products, goods and services to be purchased.
5. To educate the people or client regarding products/ goods or services.
6. It is considerably helpful in decreasing the number of middleman.
7. It encourages the prospective buyers to purchase the product.
8. It creates new demands.
9. To expand the employment opportunities.
10. It helps to compare products goods services with other competitors.

It benefits the manufactures, middlemen, consumer, salesman, and the society this that way to more or less extents.