

Institutional Support System for Entrepreneurs

This institutional support system has been designed at following four levels:

1. Central Government
2. State Government
3. Non-Government Support System
4. District Industries Centres (DIC).

1. Central Government Institutions:

The Government Formulated the Micro, Small and Medium Enterprises:

development Act, 2006 and established the National Board for Micro, Small and Medium Enterprises (NBMSME) and made rules there under in the year 2006. This Board examines the factors affecting promotion and development of MSMEs and reviews policies and programmes from time to time relating to these enterprises, from time to time and makes recommendations to the Government in formulating the policies for the growth of MSMEs.

The Government of India constituted the National Commission for Enterprises in the Unorganised Sector (NCEUS) to examine the problems of the enterprises in the unorganized/informal sector. The Commission has made recommendations to provide technical, marketing and credit support to these enterprises.

(i) Small Scale Industries Board (SSIB):

It was established in 1954 to provide effective coordination and inter-institutional linkages for the benefit of small scale sector.

(ii) National Bank for Agriculture and Rural Development (NABARD):

NABARD is designated as an apex development bank in the country. This national bank was established in 1982 by a Special Act of the Parliament, with a mandate to uplift rural India by facilitating credit flow in agriculture, cottage and village industries, handicrafts and small-scale industries. It is also required to support non-farm sector while promoting other allied economic activities in rural areas. NABARD functions to promote sustainable rural development for attaining prosperity of rural areas in India.

It is basically concerned with “matters concerning policy, as well as planning and operations in the field of credit for agriculture and other economic activities in rural areas in India”. It is worth noting with reference to NABARD that RBI has sold its own stake to the Government of India. Therefore, Government of India holds 99% stake in NABARD.

(iii) Small Industries Development Organisation (SIDO):

It was constituted in 1954 to develop support services for promotion of SSS. Over the years, it has seen its role evolve into an agency for advocacy, hand holding and facilitation for the small industries sector. It has over 60 offices and 21 autonomous bodies under its management.

These autonomous bodies include:

- i. Tool Rooms
- ii. Training Institutions
- iii. And Project-cum-Process Development Centres.

The SIDO provides a wide spectrum of services to the small industries sector.

The Institutions/Centres Administered by SIDO:

The SIDO has promoted the following institutes and centres and is responsible for their management:

- I. Small Industries Service Institutes (SISI):
- II. Product-cum-Process Development Centres

III. Regional Training Centres (RTCs):

IV. Establishment of Training Institutes:

(iv) National Small Industries Corporation (NSIC):

The National Small Industries Corporation (NSIC) Ltd. was established by the Government as a Public Sector Company in 1955.

Its main functions are:

- i. To arrange for Supply of machinery and equipment.
- ii. To arrange Provision of financial assistance.
- iii. To provide Assistance for arrangement of raw materials.
- iv. To aid establishment of technology transfer centres.
- v. To make arrangement of marketing assistance.
- vi. To ensure priority in government purchase programme
- vii. To promote, aid, and foster the growth of micro and small enterprises in the country, generally on a commercial basis

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

It is a Subsidiary of IDBI and was setup as an act of parliament, for ensuring larger flow of financial and non-financial assistance to the small scale sector.

The SIDBI has taken over the outstanding portfolio of the IDBI relating to the small scale sector for promotion, financing and development of the SSI sector and for coordinating the activities of other institutions. It is the principal financial institution for the promotion, financing and development of industry in the small, tiny and cottage sectors and for co-coordinating the functions of the institutions engaged in similar activities.

(vi) National Board for Micro, Small and Medium Enterprises (NBMSME):

In pursuance of the MSME Development Act, 2006, the National Board for Micro, Small & Medium Enterprises consisting of a total of 47 members have been constituted. The 20 non-official members on the Board represent industry

associations of MSMEs from all over the country while the other 27 members comprise Members of Parliament, Ministers of six State Governments, representatives of RBI, Banks etc.

(vii) Khadi and Village Industries Commission (KVIC):

The Khadi & Village Industries Commission (KVIC), established under the Khadi and Village Industries Commission Act, 1956, is a statutory organisation engaged in promoting and developing khadi and village industries for providing employment opportunities in rural areas, thereby strengthening the rural economy.

(viii) Mahatma Gandhi Institute for Rural Industrialisation (MGIRI):

In order to strengthen the R& D activities in khadi and village industry sectors, a national level institute namely 'Mahatma Gandhi Institute for Rural Industrialization (MGIRI)' has been established at Wardha, Maharashtra in association with IIT, Delhi by revamping the erstwhile Jannalal Bajaj Central Research Institute.

(ix) Coir Board:

The Coir Board is a statutory body established under the Coir Industry Act, 1953 for promoting overall development of the coir industry and improving the living conditions of the workers engaged in this traditional industry.

2. State Government Institutions:

The State Governments also execute different promotional and developmental projects and schemes to provide number of supporting incentives for development and promotion of MSMEs in their respective states. These are executed through the State Directorate of Industries, which has District Industries Centres (DICs) under it, for implementing the central/state level schemes.

(i) State Financial Corporation (SFC):

Its main objectives are:

- i. To provide term loans for the acquisition of land, building, plant and machinery.

- ii. To promote of self-employment.
- iii. To encourage women entrepreneurs
- iv. To bring about expansion of industry
- v. To provide seed capital assistance.

(ii) State Small Industries Development Corporation (SSIDC):

The State Small Industries Development Corporations (SSIDC) were set up in various states under the companies' act 1956, as state government undertakings to cater to the primary developmental needs of the small tiny and village industries in the state/union territories under their jurisdiction.

(iii) Technical Consultancy Organisations (TCOs):

Services of TCOs include:

- i. Preparation of project profiles.
- ii. Undertaking industrial potential surveys.
- iii. Identification of potential entrepreneurs.
- iv. Undertaking market research.
- v. Project supervision and rendering technical and administrative assistance.
- vi. Conducting EDPs.

(iv) Khadi and Village Industries Commission (KVIC):

It is engaged in the development of khadi and village industries in rural areas.

Main objectives of KVIC are:

- i. To provide employment in rural areas.
- ii. To help in skill improvement.
- iii. To bring about rural industrialization.
- iv. To facilitate transfer of technology.

3. Non-Government Institutions:

Besides the Central Government and the State Government agencies, there are some Non-Governmental agencies that are also supporting the cause of small

scale industries in the country. These agencies include Non- Government organisations and industry associations. They provide a common platform to voice SSI needs and initiate co-operative efforts.

Government policies have stressed the increasing role of these associations and NGO's in setting up common facilities and other cooperative ventures in technology, marketing and other support systems. Some of these major associations are as follows:

(I) Indian Council of Small Industries (ICSI):

It was established in 1979 to help tiny, cottage and small industries and artisans of rural areas. Membership of ICSI constitutes about 1500 associations of the decentralized sector.

Main functions of ICSI are:

- i. Information dissemination.
- ii. Entrepreneurship development.
- iii. Consultancy and managerial support.
- iv. Training and research.

(II) Laghu Udyog Bharti (LUB):

Laghu Udyog Bharti (LUB) was founded in 1995 to promote and safeguard the interest of tiny and small scale industries. It has been given representation on the national and the state level government bodies responsible for the development of SSIs. It is also responsible for undertaking entrepreneurial training, providing support for technology up gradation and marketing services.

(III) India SME Technology Services Ltd.:

India SME Technology Services Ltd. (ISTSL) provides a platform where micro, small and medium enterprises can tap opportunities at the global level for acquisition of new and emerging technology or establish business collaboration.

(IV) Credit Guarantee Fund Trust for Micro and Small Industries:

A Credit Guarantee Fund Scheme for small industries was launched by the Government and the SIDBI set up the Credit Guarantee Fund Trust for Small Industries (CGTSI), with a mission to implement the credit guarantee fund scheme for micro and small enterprise in August 2000 to ensure better flow of credit to micro and small enterprises by minimising the risk perception of banks/ financial institutions in lending without collateral security.

(V) Federation of Associations of Small Industries of India (FASII):

It was promoted in 1959 to represent the problems of SSIs with the Government and liaising with other agencies involved in promotion of SSI sector.

Its objectives are as follows:

- i. To promote the development of small scale, tiny and cottage industries;
- ii. To cooperate with industrial business, educational institutions in collecting and exchanging information pertaining to the small scale sector;
- iii. To undertake professional, technical and management consultation services;
- iv. To undertake studies, surveys and research assignments;
- v. To further the cause of small industries by interacting with Union and State Governments and other bodies;

4. District Industries Centres (DIC) & Industrial Estates:

In each district, there is one agency to deal with all requirements of small and village Industries. This is called “District Industries Centre”, The District Industries Centres have undertaken various programmes for investment promotion at the grass root level such as organizing seminars workshops, extending support for trade fairs and exhibitions organized by various Industry’s associations.

All the services and support required for MSME units under was the single roof of the District Industries Centre. The Centre has a separate wing to look after

the special needs of cottage and household industries as distinct from small industries.

The Department of Industries & Commerce is the anchor department as far as development of industries is concerned. This department is responsible for formulating and implementation of industrial policies in the State.

The Directorate of Industries and Commerce (DIC) which has its headquarters at Bangalore, has a network of District Industries Centres in all the 27 Districts.

Objectives of District Industries Centres (DIC):

- (i) To identify prospective entrepreneurs to take up viable projects.
- (ii) To identify viable projects and make demand survey on the available resources of the district and plan for promotion of viable industries in the area.
- (iii) To prepare viable and feasible project reports.
- (iv) To strengthen the guidance cell to solve the problems of the entrepreneurs.
- (v) To maintain up to date data on SSI Sector.
- (vi) To recommend financial proposals to Orissa State Financial/ Corporation/Financial Institutions/Banks etc.
- (vii) To allot Govt, land/shed in Industrial Estates
- (viii) To recommend for power connection.
- (ix) To arrange for EDP training
- (x) To arrange exhibition, fair and publicity and visit of industrialists to Trade Fairs and different Industrial Estates of other States.

IPR (Intellectual Property Rights)

Intellectual property is growing out of one's ideas, thoughts and intellectual creation of the mind. Today Government is making efforts to increasing its efforts

considering its importance for the economy development. IPR means a number of legal monopolies over creation of the mind, both artistic and commercial, and their use (Raysman, et.al. 1999-2008). In simple words, IPR are the intellects emerged from the human mind and the legal rights on these human intellects are called as Intellectual Property Rights. These laws are applicable only in the country in which it is imposed. There is nothing like international patent.

World Intellectual property organization was formed in 1967 as a part of United Nations although it has been in use since long from 1888. India also has enacted various laws related to Intellectual property from time to time.

In past, only the tangible assets were given importance and there were laws related to the protection of those assets, but now there are seven forms of IPR, viz. patents, trademarks, copyrights, geographical indications, industrial designs, trade secrets, integrated circuits, and new plant variety.

(1) Patents

These are the oldest form of the intellectual Property Rights and are enforced to promote technological and economic development by recognizing the individual's creativity and intellect. According to the act, patent is the allowance from the government to the inventors and giving them the exclusive right to make and use their invention and it is for a limited period of the time. According to the Trade Related

Intellectual Property Rights, this exclusive right is for a period of 20 years and after that Government has the right to publish it. Government publishes it so that new and better ideas can be generated and the better products can be made so

that old one can be replaced. Intellectuals have the right to commercialise, transfer or to sell the license of their invention during this time period.

The Indian Patent act, 1970 has classified the patentable inventions as follows:

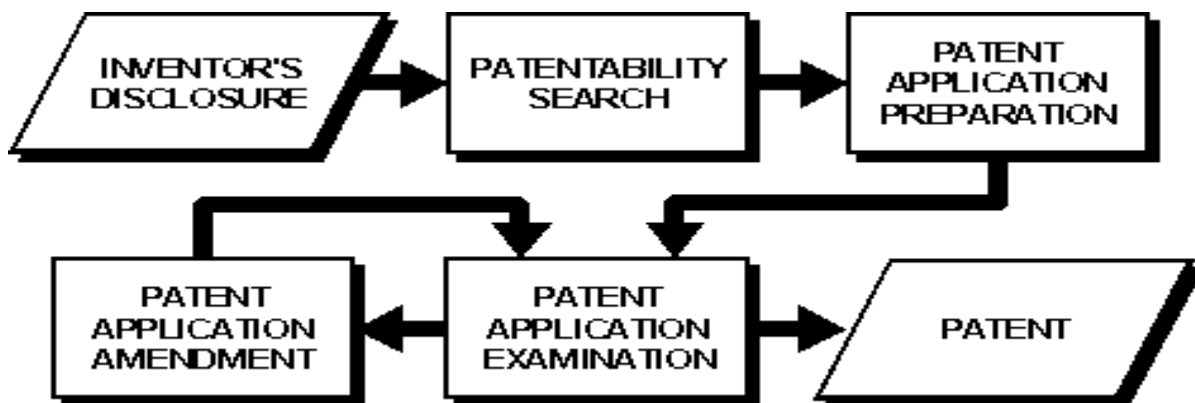
Process: According to the law, process means new methods of production, research, testing analysis or the technological process that can be validated as new or unique. These are not the physical objects are in documented form.

Machines: In the patent law, machines are physical objects. It can be any product, instrument, or any other physical item that is new or useful.

Manufacture: According to the patent law, manufacture means any physical item has been made up by a new and unique way or materials.

Composition of matter: Composition of matter in a patent law refers to the mixture of the chemical compounds, medicines and botanical compositions which are new, unique and are useful and do not exist in the nature in that particular state

The Patent Process



Obtaining patent involves a certain steps as follows:

a. Document Disclosure:

This is the first step of the process and comes when the inventor discloses his idea in the written. When the idea is disclose it need to be filed for the patent. This is necessary to protect it and to give it legal recognition so that if someone steals the idea, there is a written record.

b. Patent Search:

This step involves searching for the validity of the patent whether such patent exists or not. The main objective is to find that whether the patent to be registered is original or not. Search can be done by the inventor himself/herself or by the attorney. Patent search includes searching for the resembling patent in the patent room of each office. This process ends, when it is confirmed that no such patent exists.

c. Patent Application:

Once the patent search is over, inventor fills an application for the registration which includes three parts:

1. First part includes a written document which contains invention, its specification and claim.
2. Second part contains the drawings which need to be clean and clear.
2. Third part includes the declaration and oath by the inventor.

Once the form is completed with all three parts, it is submitted to the Patent office and if they find it complete, then notification is sent to the inventor.

d. Patent examination:

This step includes the thorough examination by the patent office and informing

the inventor about the various problems of the patent.

e. Patent Grant:

Once the examination is over then after confirmation patent is registered and the letter of the same is sent to the inventor.

4.1 Types of the Patents:

According to the patent law, patents can be classified as follows:

a. Utility Patents

b. Design Patents

c. Plant Patents

a. Utility Patents: Patents approved for Process, Machines, Manufacture and Composition of matter comes under this category and is granted for a period of 17 years. This is the most common patent type and excludes botanical creations related to plants and agricultural use.

b. Design Patents: These are the patents for any new or original ornamental design. When a manufacturer builds a new ornamental design for any of his product then to avoid its duplicity, he/she applies for design patent. For e.g: Bicycle manufacturer who manufactures the new design for the bicycles or the shoe companies apply for such patents. The life of the design patent is very short is from 3.5 to 7 years.

c. If there are two or more inventors then they can jointly file the patent and if any of the inventor disappears, then the joint inventor can file patent on his/her behalf too.

Any person, who files for the patent and is not an inventor or does not come under any category of rules, is subject to criminal penalties under the law.

(2) Trademarks

There is trademark act 1999 in India which administers the matters related to the trademarks in the India. Trademarks are for the indefinite term. According to Section 2 (zb) of the Trade Marks Act, 1999, “trade mark means a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others and may include shape of goods, their packaging and combination of colours.” A mark can include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colors or any such combinations. For example: Slogan of Mc Donalds (I’m Loving it), the symbol of Puma etc. Trademarks help in identifying and purchasing a product or service because of its unique trademark and quality which meets the consumer needs.

Types of Trademarks:

1. **Service marks:** These are the marks used to protect the service industry. All the trademarks of the service industry come under this mark. It includes hotels, restaurants, beauty and health care, software and hardware assembly and maintenance, courier and transport etc.

2. **Collective marks:** these marks are used by companies who produce the products collectively and can apply for the trademark in a group.

3. Certification Mark: These marks are for the standards. These marks confirm that the product has gone through the certain standard test and helps in assuring the customers. For e.g.: Electrical goods.

4. Well known marks: These are the marks which are extremely popular and are protected more. Therefore, people cannot imitate these popular marks.

Registration of Trademark:

Registration of the trademark is done through a valid process. Firstly, the applicant has to apply for the trademark in the written by giving all the information like address, identification proof, citizenship proof etc. If the authorities are satisfied, then he/she has to provide the drawings in the written and clear format and then to provide at least five specimens of the drawings. If the application found complete after all the examinations then trademark will be issued.

3. Copyrights

Like patents, copyrights also protect the individual but it is for the intellectual work and is related to the musical, dramatical, literary works, cinematography and sound recordings. It protects the individual's original work and gives him/her the right to authorize others to do certain acts on it. A copyright protects the work for the age of the originator plus period of 50 years. For the cinematographic work, it is protected for the period of 50 year after it is made public and for the photographic work is for the period of 25 years after the work has been done. There is an Indian Copyright Act, 1957 for granting the copyright.

Copyright is not granted for every work, there are certain principles as following:

- a. It is not granted for an idea and is always granted for the ideas expressed in the material form.
- b. It should not be the violation of the already existing copyright in a different manner.
- c. there is no copyright for the live events.

Creators generally sell the copyrights of their work to individuals or the companies who offer them the best payment and can utilize their work effectively. These payments are always on the basis of the amount of the work used and thus help creators in making money out of their unique work.

Objectives:

According to the law, there are two main objectives:

1. Encouragement to the original work: The main objective of granting copyright is to encourage the writers, composers, artists, and designers etc to create original works and for that their work is being protected for a certain period of time. This encouragement is given to exploit the work for monetary benefits and issuing the license to the film producers, publishers in return of money to use their work.

2. Protection to the Originator: Another objective of the copyright is to protect the original work of the originator so as to avoid its reproduction and prevent the originator from the exploitation.

Therefore, copyright helps in avoiding piracy and protecting the original work.

4.Geographical Indications

These refer to the words, qualities or symbols that describes about the origins of the product and the reputation is attached because of the origin. It is essential that the qualities, reputation etc must be because of the place of the origin. It can be any geographical place name, a symbol, outline of geographical idea or anything else capable of identifying the source of the product. For e.g: Darjeeling

Tea, Banaras Silk, Kullu Shawls etc. It is a special right given to a particular community, therefore the benefits of the registration of geographical indications is mutually shared by the all members of the community. These indications are protected under the act so that the uniqueness of the product can be maintained. In India, there is Geographical Indications of Goods (registration & Protection), Act 1991 which was enacted in India being the member of the World Trade Organization.

5.Industrial designs

These can be any ornamental designs or the visual appearance of the product in two dimensions or three dimensions. These designs are the part of intellectual property and are regulated by the New Designs Act, 2000. This law is enacted to protect the designs of the industrial production. For the registration of the industrial designs, designs should be new and original and should relate to the functional aspect of the article. This design registration is valid for the period of 10 years and can be renewed for the period of another 5 years.

6.Trade Secrets

These are the confidential business information which must be secret i.e. not accessible to the people and information should have some commercial value.

The owner should have valid reason to keep it secret. According to the Uniform Trades Secret Act, 1970, trades secrets can be defined as, “Information, including a formula, pattern, compilation, program device, method, technique, or process, that: (i) derives independent economic value, actual or potential, from no being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy”.

Any type of data or information can be a trade secret but should involve the commercial person and valid reason to keep it confidential.

7.Integrated Circuits

Semiconductor Integrated Circuits Layout-Design Act 2000 is enacted to protect the intellectual property related to the semiconductor Integrated circuits. It means products having circuits containing transistors, resistors and other elements of the circuit design. It protects such integrated circuits which are new and unique.

Women Entrepreneur:

Introduction: Women entrepreneurs may be defined as the women or a group of women who set up and operate her own enterprise. In other words women entrepreneurs are self employed individuals who establish their enterprise and involve themselves for economic activities. Earlier women were confined in the four walls of houses and their activities were mainly related to household work, without any socio-economic independence. Today women are marching ahead in almost every field and generating employment not only for themselves but also for others.

-Kamal Singh, a woman entrepreneur from Rajasthan, has defined woman entrepreneur as “a confident, innovative and creative woman capable of achieving self economic independence individually or in collaboration, generates employment opportunities for others through

initiating, establishing and running the enterprise by keeping pace with her personal, family and social life.”

-The Government of India has defined a woman entrepreneurship as “an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women”.

Women are engaged in business due to many factors which encourage them to have their own dignity and self esteem in the society. Self dependence, career consciousness and self respect etc are the key factors which motivate women entrepreneurs to choose a profession as a challenge. These are generally said as pull factors. But sometimes women join the business enterprise due to family circumstances and take up the responsibility of business. These are called as push factors. Thus pull and push factors encourage women to set up a new business or take up the existing one and stand on their legs.

Women entrepreneurs are playing a key role in the economic development of any developing country. They have been recognised as an important source of economic growth. Women entrepreneurs are creating new jobs not only for themselves but also for others. They contribute to the economic well being of the family and communities, women empowerment and reduction of poverty and thus the role of women entrepreneurs in economic development is inevitable. Their role is also being recognised by governments and other non-governmental organisations (NGOs), across the globe, through the promotion of various schemes, incentives and plans.

Characteristics of Woman Entrepreneur: A woman entrepreneur has to perform all the activities involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis etc. The following are the important characteristics of women entrepreneur:

1) Employment to women: A woman entrepreneur provides at least 51% of the employment generated in her enterprise to women. Thus she plays a key role in the economic development of a country by generating employment opportunities for the women in the society.

2) Risk Taker: Woman entrepreneur assumes the risk of the business. Risk means uncertainty. It is the condition of not knowing the outcome of a decision or activity. She takes calculated risk and faces uncertainty confidently and assumes risk.

3) Good Organiser: Women entrepreneurs have remarkable skills in organising work and people. They make objective selection of individuals in conformity with their skill in solving specific problem. They bring together various factors of production, minimise losses and reduce the cost of production. A woman entrepreneur formulates business plans and ensures their execution. She combines various factors of production and then produces a product for market.

4) Foresight: Women entrepreneurs have a good foresight to know about future business environment. In other words, they well visualize the likely changes to take place in market, consumer attitude and taste, technological developments etc. and take necessary and timely actions accordingly.

5) Decision Maker: A woman entrepreneur has to take various decisions in performing activities of her enterprise. Therefore she must be innovative in decision making process. The true entrepreneurship requires creative decision making, rational approach, problem solving ability and ability to take quick and correct decision. The profitability and productivity of an enterprise directly depends upon the decision making capacity of an entrepreneur.

6) Self-Confident: A woman entrepreneur should be self confident. She must have faith in herself and in her abilities. She should have ability to tackle the problems independently with confidence. Only a self confident entrepreneur can trust others and can delegate authority to others. She should have the confidence to implement the change with her relevant knowledge, skills and experience.

7) Visionary: Vision is the ability to see the end result of goals while striving to achieve them. Every entrepreneur has a vision for growth and development. A woman entrepreneur incubates new ideas, starts her enterprise with these ideas and provides added value to society based on her independent initiative. With persistence and determination, she develops strategies to change the vision into reality.

8) Hard Work: Women entrepreneurs work very hard to succeed. Most of women entrepreneurs work hard in the beginning and thus same becomes their habit for the lifetime because they believe that hard work is the key to success.

9) Optimistic: Women entrepreneurs are optimistic in their approach. They do not get disturbed by the present problems faced by them. They become optimistic for future that the situations will become favourable to business in future.

10) Creative: An entrepreneur must have the qualities of creative thinker. A woman entrepreneur must be reasonably intelligent and should have creative thinking so that she must be able to solve various problems and handle the critical situations in order to deal with them.

11) Interpersonal Skills: A woman entrepreneur is a person who comes across with different persons. She has to deal with many types of persons. She is the person who gets the things done through with the help of others. So a successful woman entrepreneur possesses the interpersonal skills of dealing with people.

12) Leadership and Team Spirit: A woman entrepreneur must have the ability to build successful teams and thus working in teams. She should be good at building and managing successful teams. Leadership quality is the most important characteristic of a woman entrepreneur. It is the process of influencing and supporting others to work enthusiastically towards achieving objectives.

Problems faced by Women Entrepreneurs: Women entrepreneurs faced many problems in their efforts to develop the enterprise they have established. Basically, women entrepreneurs encounter two types of problems: general problems of entrepreneurs and problems specific to women entrepreneurs. The main problems faced by women entrepreneurs may be analyzed as follows:

1) Problems of Finance: Finance is regarded as the 'life-blood' for any organization whether it is big or small. Obtaining bankers' support, managing the working capital, deficiency of credit resources are the problems which still remain in the domain of males. Studies have shown that even educated modern women entrepreneurs in advanced and developing economies experienced difficulties in obtaining loans. Banks discourage women borrowers believing that they will leave their business and become housewives again. Although the procedure of

obtaining the loan has been simplified to a great extent but for women it still remain a challenge. Thus, women entrepreneur fall due to the shortage of finance.

2) Scarcity of Raw material: women entrepreneurs find it difficult to obtain raw materials and other necessary inputs. The failure of many co-operatives in 1971, such as those engaged in business basket making was mainly due to the insufficient availability of forest-based raw material. High prices of raw materials and getting raw material at the minimum of discount are the major problems which are faced by entrepreneurs.

3) Competition: Many of the women enterprise has unorganized set up. They have to face severe competition from well settled industries. So this type of cut- throat competition, results in the liquidation of women enterprise.

4) Lack of Education: In India literacy percentage among women is very low. Due to lack of proper education majority of women are not aware about the latest technological developments, marketing knowledge, innovative schemes, alternative markets etc. Lack of information and experience creates problems in setting up and running of business enterprises.

5) Low Risk-bearing Ability: Women have as compare to men, low ability to bear economic and other risks because they have led a protected life. Many times they face bias attitude in the selection of entrepreneurial training. All these dim their capacity to bear risk involved in carrying an enterprise. Risk- bearing is an essential requisite of a successful entrepreneur.

6) Family Responsibilities: in India, it is mainly a duty of women to look after the kids and other members of the family. Her commitment in family leaves little energy and time for business. In case of married women, she has to maintain a balance between her business and family. Their success in this regard also depends upon supporting husband and family. Without the support and approval of husband, the female entrepreneur cannot succeed. Accordingly, the educational level and family background of husband positively influence women entry into business.

7) Male-dominated Society: The constitution of India speaks of equality between male and female. But in reality, women are looked upon as weak section of society in all

respects. Women are not treated equal to men. Thus, in turn, serves as a barrier to women entry into business.

8) Absence of Entrepreneurial Aptitude: as per study, involvement of women in the small scale sector as owners stands at mere 7 percent. Many women take the training by attending the Entrepreneurship Development Programmes without an entrepreneurial bent of mind.

Scope for Women Entrepreneurs

- There are potential women entrepreneurs for Agro businesses where they can venture into food processing, packaging, cold storages or seeds products among others.
- Services – Women can engage in services such as running canteen, hair and skin salon, travel agency, and so on. Such services have lower costs of capital investments.
- Do travel and tourism work – Women can operate, market themselves as tour operators, travel agents, and so on in the tourism sector.
- Providing goods and services to big enterprises – women entrepreneurs can make some components, supply some raw material. And do all sorts of particular services for the large companies.
- [Selling and marketing](#): women may do direct selling of such things as cosmetics, household products, insurance products and so on.
- You can make products and manufacture innovative solutions in such areas as food, handicrafts, clothing, electronics, herbal solutions, etc.

- Women entrepreneurs have an opportunity of exporting manufactured commodities into foreign countries. While at the same time importing goods for selling within the [local market](#).
- Educated women have a good market in telecommunication, software developing, advertising as well as consultation among others.
- Women can operate retail shops, boutiques and e-commerce businesses targeting their female clients.
- Start an internet based business – This involves women [coming up with new ideas and venturing into business](#) through platforms like e-commerce, blogging, and creating content for the internet as well as other internet platforms.

Promotional Efforts Supporting Women Entrepreneurs in India

1. Self-Help Groups (SHGs): This is an association of small group of self-employed rural or urban women entrepreneurs who join together to take care of group welfare. This is a voluntary association each member contributes small amount to cover seed money.

2. Federation of Indian Women Entrepreneurs (FIWE): It is an outcome of the resolution passed in 4th International Conference Women Enterprises held at Hyderabad. It is mainly interacts with various women associations of the country through a network to facilitate the members in diversified activities.

3. Women's India Trust: This trust was established in 1968. Aims were to give educational programs and training to women in various fields. Also aimed at giving computer training to women.

4. Small Industries Development Bank of India (SIDBI): It is an institution established at national level to provide facilities to small-scale industries. It has two programs in the name Mahila Udyam Nidhi and Mahila Vikas Nidhi to support and promote women entrepreneurs

5. Central and State Government Schemes: It includes DWACRA- Development of women and children in Rural Areas.

6. National Bank for Agriculture and Rural Development (NABARD): It is an autonomous financial institution at the national level established on the lines of Reserve Bank of India. It provides various types of agricultural credits to agriculturalists of the country. It is also provides liberal credits to rural women.

7. Indira Mahila Yojana (IMY): IMY was develop to help women to achieve economic strength through micro-level income generating activities and to establish convergence of various services such as literacy, health, non-formal education, rural development, water supply, entrepreneurship etc.

8. Swayamsidha: Swayamsidha was evaluated by an external agency in 2005. The evaluation report indicated that women in Swayamsidha Blocks have strengthened their social standing in society. Awareness of social evils alcoholism, dowry and female feticide is visible.

9. Swa-Shakti: Another similar project implemented by this Ministry from 1999 with funding from World Bank, International fund for Agricultural Development (IFAD) and Government of India on experimental basis was Swa-Shakti. This project was implemented through State women's development corporation (WDCs) at State level and NGOs (Non-Governmental Organizations) at field level. Swa-Shakti showed good progress as it achieved most of its physical targets and has been graded most of the World Bank as satisfactory.

10. Support to Training and Employment Programme (STEP) for Women: The scheme aims at providing an integrated package of the services to women like up gradation of skills through training, better and sustainable employment opportunities, facilitation of organization of women and support services with the coverage of health check-ups, referral services, mobile crèches and education facilities.

11. Small Industries Development organization (SIDO): They conduct many programmes for the women and one of the most important one is entrepreneurship development programme for women. It has also instituted an award called “Outstanding women entrepreneur of the year” to recognize the efforts of women entrepreneur. **12. Self-Employed Women’s Association (SEWA):** It is a trade union of women which was registered in 1972. Since its inception it is functioning to empower poor rural women entrepreneurs. Even rural poor women have become its members to become self-employed persons. SEWA helped poor women labourers to get organized and also to do trades of their choice.

12. IDBI’s Mahila Udyam Nidhi (MUN) Scheme: The IDBI has set-up a special fund, Mahila Udyam Nidhi with a corpus of ₹ 5 crore to provide seed capital assistance to women entrepreneurs intending to set-up projects in SSI sectors. The scheme is implemented by SIDBI. Women entrepreneurs who can start and manage an enterprise with a minimum financial status of 51 per cent of the equity are eligible for assistance, provided the project cost excluding working capital is less than ₹ 10 lakh.

Rural industry

Introduction:

Rural industries are non-farm activities that depend on rural resources, and are primarily meant for employment generation through effective utilization of locally available resources, human power and technologies that are native or home-grown.

Rural industries usually work with the philosophy of production by masses-as opposed to mainstream industries where goods are mass produced.

They are popularly addressed as small-scale industries, village industries or artisan industries. Rural Industrialisation is therefore a concept that encompasses facilitating avenues of employment in non-farm activities on a widely dispersed basis nearer to the place of living of the poor.

Need and Importance of Rural Industrialization

1. Crucial for growth of rural economy: Rural industrialisation increases skilled as well as non-skilled employment opportunities, diversifies rural occupations, raises income and living standards, reduces exodus to urban areas and ensures social justice.

2. Addressing the problems of agricultural labourers: These industries can solve the problem of small, marginal and tenant farmers (that constitute more than 80% of agricultural workforce) by providing additional and off-season employment thereby serving as a good alternative to their meagre agricultural income.

3. Inclusive national development: Rural industrialisation can facilitate the transition from agrarian economy to an industrialised economy with the potential for equitable distribution of national income.

4. Balanced industrialisation: Rural industrialisation prevents concentration of economic development in already developed urban areas and channels investment to rural areas. It thereby helps reduce regional economic imbalance.

5. Preservation of India's rich culture: Rural industrialisation would help preserving the craftsmanship and art heritage of the country that have been inherited through many generations. Pashmina shawls of Kashmir, Blue Pottery of Jaipur, Bangles of Faizabad, Etikoppaka toys of Andhra Pradesh, etc. are some of the important examples of traditional industrial activities surviving today in the villages.

6. Promoting Micro and Small Enterprises: Presently, around 20% Micro and small-scale enterprises (MSEs) units are located in rural areas that act as ancillary industries for large scale industries. Rural industrialisation could attract investment for these enterprises for placing them in profitable business propositions.

7. Women empowerment: Rural industrialisation could provide alternative livelihood sources to the rural women workforce whose number is rising due to feminisation of agriculture and decreasing possibilities of expansion of agriculture land

8. Achieving Sustainable Development Goals (SDGs): With locally available raw materials and local consumption, rural industries not only promote economising of resource utilisation and resource conservation but also have less carbon footprint. Increase in rural income on the other hand could reduce inequality and promote health and education. At the same time, absorption of the rural workforce in rural areas potentially deals with the rising issues of unsustainable urban development.

Small and Medium Enterprises (MSME)

Introduction

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and

generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

DEFINITION:

Small and Medium Enterprises (SMEs) are defined as per Section 7 of the MSME Development Act, 2006. [SMEs](#) form a significant component of the Indian economy and are found in both manufacturing and services sectors. These range from small grocery shops to large franchise stores.

What is the MSME limit for the Classification Criterion?

As part of the Aatmanirbhar Bharat stimulus package, the government launched some policies to help entrepreneurs to fight against the ongoing pandemic. One of the changes in supporting entrepreneurs was a new MSME definition. It helps avail many benefits that will aid MSMEs to grow significantly.

- Earlier, the MSMEs classification was based on investments. Now, the classification is composite and includes the company's turnover as per the revised definitions. New MSME criteria have changed the classification of Investment Amount Limits for manufacturing and service units.

Revised MSME Limits

Classification based on the Composite MSME Criteria and Limits or MSME definition 2022 - Investment in Plant and Machinery/Equipment and Annual Turnover - are as follows:

MSME Classification	Enterprises in manufacturing and Services Segments
Micro	Investment: Less than INR 1 Crore Turnover: Less than INR 5 Crores
Small	Investment: Should not exceed INR 10 Crores Turnover: Should not exceed INR 50 Crores

Medium	Investment: Should not exceed INR 50 Crores
	Turnover: Should not exceed INR 250 Crores

Importance of MSME

1. **It creates large-scale employment:** Enterprises that are inclusive in this sector require low capital to start up new business. Moreover, it creates a vast opportunity for the unemployed people to avail. India produces about 1.2 million graduates per year out of which the total number of engineers are around 0.8 million. There is no economy so far that could provide that large number of freshers in one year only. MSME is the boon for the fresh talent in India.
2. **Economic stability in terms of Growth and leverage Exports:** It is the most significant driver in India contributing to the tune of 8% to GDP. Considering the contribution of MSME to manufacturing, exports, and employment, other sectors are also benefitting from it. Nowadays, MNCs are buying semi-finished, and auxiliary products from small enterprises, for example, buying of clutches and brakes by automobile companies. It is helpful in creating a linkage between MSME and big companies even after the implementation of the GST 40% MSME sector also applied [GST Registration](#) that plays an important role to increase the government revenue by 11%.
3. **Encourages Inclusive Growth:** The inclusive growth is at the top of the agenda of Ministry for Medium, and small and Medium-sized enterprises for several years. On the other hand, poverty and deprivation are a deterrent to the development of India. Besides, it includes marginalized sections of a society which is a key challenge lying before the Ministry of MSME.
4. **Cheap Labor and minimum overhead:** While in the large-scale organizations, one of the main challenge is to retain the human resource through an effective human resource management professional manager. But, when it comes to MSME, the requirement of labor is less and it does not need a highly skilled laborer. Therefore, the indirect expenses incurred by the owner is also low.
5. **Simple Management Structure for Enterprises:** MSME can start with limited resources within the control of the owner. From this decision making gets easy and efficient. On the contrary, a large corporation requires a specialist for every departmental functioning as it has a complex organizational structure. Whereas a small enterprise does not need to hire an external specialist for its management. The owner can manage himself. Hence, it could run single-handedly.

6. **The main role in the mission of “Make in India”:** The signature initiative by the Prime Minister of India “Make in India” has been made easy with MSME. It is taken as a backbone in making this dream a possibility. In addition, the government has directed the financial institution to lend more credit to enterprises in the MSME sector.

Recent Government MSME Schemes and Policies in India

1. FIRST: Keeping in view the crucial role MSMEs play in the development of the country, the central government announced the launch of FIRST (Forum for Internet Retailers, Sellers, and Traders). The program aligns with the government’s Digital India movement and educates and informs MSMEs about opportunities to become self-reliant and digitally capable.

More than 17,200 retail entrepreneurs have already registered with the program, and these MSMEs are taking powerful steps to become digital and self-reliant.

2. MSME Innovation Scheme: The Indian government launched the MSME innovation scheme in March 2022 to foster innovation in the sector. Under this scheme, MSMEs can enjoy reimbursement of the cost of Intellectual Property Rights applications for new ideas and designs. The programme provides financial and other resources to MSMEs to encourage innovation.

3. CGTMSE: The Credit Guarantee Trust Fund for Micro and Small Enterprises scheme provides financial assistance of up to ₹2 Crore to new businesses.

4. CLCSS: The Credit Linked Capital Subsidy Scheme provides capital subsidies to MSMEs operating in the khadi, village, and coir sectors. The subsidy allows these businesses to acquire technological innovation and upgradation.

5. ASPIRE: ASPIRE, or A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship, fosters innovation and entrepreneurship in rural and agricultural sectors by establishing advanced technology networks.

Requirements for Registration

- In order to register the MSME, the person has to fill a form through online or offline mode.
- In case if person wants to do a registration for more than one enterprise than he can register as individual person.
- The form shall be available on the on the official website for MSME registration.
- Important documents required for registration are as follows:

- Original Aadhaar card of the person in whose name registration is to be done such as Director, Partner or Proprietor
- Social category of Authorized Person
- Full name of enterprise and mentioning the type of enterprise
- PAN of the registering enterprise
- Place of business
- Bank details of the enterprise
- Details of the employees
- Details relating to turnover and machinery
- National Industry Classification Code of the enterprise

The Benefits of MSME are as follows:

Collateral free loans

- In the new scheme, Government has developed various initiatives for MSME that has created better ways to avail credit without any collateral securities.
- The primary MSME benefit of registration is the initiative to provide loan without security by the Government of India, Small Industries Development Bank of India (SIDBI) under the scheme of The Credit Guarantee Trust Fund.
- This is a whistle blower for the new and small business owner to register a MSME.

Subsidies on Intellectual Property like Patent registration and Industrial design

- The large amount of subsidy up to 50% is given to the business enterprises those are registered under Micro, Small and Medium Enterprise Act for patent registration.
- This benefit can be availed by writing a application to the respective Ministry.
- Additionally, the Government also provide subsidy on the Industrial design and promotion for better growth.

Exemption from Interest rate and provides facility of overdraft

Under this businesses or enterprises are also eligible to avail 1% of benefit on overdraft being a part of the scheme i.e. Credit Guarantee Trust Fund Scheme. This might also depend on and vary from bank to bank.

Concession on Electricity Consumption

- The concession on electricity bills is also provided by the Government for the registered enterprise as an MSME.
- To avail this benefit, the person should submit a copy of electricity bill, application and registered MSME certificate.

Protection against the debt

- Keeping in mind about the risk lying in the business profit, the Government has worked as a helping hand by providing a safety against the payment.
- The Ministry of Micro, Small and Medium Enterprise has given business owners right to collect interest on payments not paid on time by the buyer.
- If in any case buyer fails to make payment within 15 days of the purchasing the goods and services or at last 45 days, the business enterprise is eligible to charge 3 time more compound interest as prescribed by Reserve Bank of India.

Reimbursement of ISO Certification charges

A registered enterprise can claim the reimbursement of expenses that were incurred on International Standard Organization (ISO) certification.

Preference of the Tender to the MSME

- In recent times, MSME has been given a preference in tenders that are exclusively for such enterprises only.
- The Finance Minister in recent Covid-19 relief package had announced that on the instances of unfair competition from foreign companies in procurement of Government tender in terms of size and strength.

Disadvantages of MSME

Although you do not have any disadvantages for MSME registration, but sometimes you face the challenges related to the MSME Loans because of low bargaining power, limited access to skilled personnel, difficulties in finding funding as compare to large companies. So disadvantages for MSME loans are explained which are as follows:

Accumulation of Interest

- One of the disadvantages of MSME registration is in case of loans. In case you take up the MSME loan, interest rates are low as compared to other types of loans but the interest

accumulates speedily whereas this type of liability does not happen in the case of bootstrapping or angel investment.

Tedious Loan Procedure

- The procedure for sanctioning loan is tedious, as various documents need to be filed while applying for MSME loan application. Although the percentage of loan approval is high in case of MSME loans. All detailed documents like P&L statement, ITR of company, bank accounts information, bills of payment and receipts along with several other documents to prove the lender credibility.

No Collateral Requirement – Unstable for Banks

No collateral requirement is a benefit for the lenders but sometimes it becomes difficult for the banks. As the MSME loans are provided without any collateral hence it makes loans unsecured and unstable for the banks because of not recovering money in some of the cases.

Processing Fees Charges

- Processing fees in case of MSME loans require a fee which to be paid by the borrower, and it comes as an extra expense for entrepreneurs.

NGO, or Non-Governmental Organization

An NGO, or Non-Governmental Organization, is a legally constituted organization created by private individuals or groups, independent of government involvement. NGOs are typically formed to address social, environmental, or humanitarian issues, and they operate on local, national, and international levels. These organizations are driven by the mission to promote various causes, such as human rights, environmental conservation, healthcare access, education, and community development.

NGOs can take various forms, including charities, foundations, advocacy groups, and grassroots organizations. They often rely on donations, grants, and volunteer work to fund their activities and achieve their objectives. NGOs play a crucial role in supplementing government efforts, filling gaps in services, advocating for marginalized populations, and driving positive change in society.

The work of NGOs encompasses a wide range of activities, including:

Providing humanitarian aid during emergencies such as natural disasters, conflicts, or epidemics.

Advocating for policy changes to address social injustices, human rights violations, or environmental degradation.

Delivering essential services such as healthcare, education, and livelihood support to vulnerable communities.

Empowering marginalized groups, including women, children, refugees, and indigenous populations, to assert their rights and improve their living conditions.

Conducting research, raising awareness, and building capacity to address complex social, economic, and environmental challenges.

NGOs operate under various legal frameworks depending on the country and jurisdiction, and they are often subject to regulations governing their finances, governance structure, and activities. While NGOs are independent of government control, they may collaborate with governments, international organizations, businesses, and other stakeholders to achieve common goals and maximize their impact.

DEFINITIONS:

An NGO is a non-profit organization that operates independently of government control and is typically formed to address social, environmental, or humanitarian issues. NGOs rely on donations, grants, and volunteer work to fund their activities and pursue their missions.

A non-profit organization (NPO) is an entity that operates without the primary goal of making a profit. Instead, it focuses on fulfilling a specific mission or serving a particular community or cause. Non-profits can include NGOs, charities, foundations, religious organizations, and social enterprises.

Importance of NGOs:

The importance of NGOs and related organizations lies in their ability to address pressing social, environmental, and humanitarian issues that governments and for-profit entities may not fully prioritize or be equipped to handle. Here are some key points highlighting their significance:

1. **Filling Gaps in Services:** NGOs often step in to provide essential services, such as healthcare, education, and community development, in areas where government services are lacking or insufficient. They play a crucial role in reaching marginalized or underserved populations.
2. **Advocating for Change:** NGOs serve as advocates for social justice, human rights, environmental protection, and other important causes. Through research, awareness campaigns, and lobbying efforts, they work to influence policies and practices at local, national, and international levels.

3. **Promoting Civic Engagement:** NGOs empower individuals and communities to participate in decision-making processes, fostering greater civic engagement and democratic participation. They provide platforms for people to voice their concerns, mobilize resources, and take collective action.
4. **Providing Humanitarian Assistance:** During emergencies such as natural disasters, conflicts, or epidemics, NGOs are often among the first responders, delivering life-saving aid and support to affected populations. Their rapid response and flexibility are critical in saving lives and mitigating suffering.
5. **Driving Innovation:** NGOs are often at the forefront of innovation, developing new approaches, technologies, and solutions to address complex challenges. They serve as incubators for new ideas and practices, driving positive change and promoting sustainable development.
6. **Building Capacity:** NGOs invest in building the capacity of individuals, communities, and local organizations to address their own needs and challenges effectively. They provide training, resources, and technical assistance to empower people to become agents of change in their own communities.
7. **Ensuring Accountability:** NGOs play a vital role in monitoring government and corporate actions, holding them accountable for their policies, practices, and commitments. They provide oversight and transparency, advocating for greater accountability and ethical behavior in both public and private sectors.

Types of NGOs:

NGOs encompass a wide range of organizations that address diverse issues and operate in various sectors. Here are some common types of NGOs based on their areas of focus and activities:

1. **Humanitarian NGOs:** These NGOs provide emergency relief and assistance to people affected by natural disasters, conflicts, or other crises. They offer immediate aid such as food, shelter, medical care, and clean water to save lives and alleviate suffering.
2. **Development NGOs:** Development NGOs focus on long-term sustainable development projects aimed at improving living conditions, economic opportunities, and social well-being in communities. They implement programs related to education, healthcare, infrastructure, agriculture, and livelihoods.
3. **Environmental NGOs:** Environmental NGOs advocate for the protection and conservation of natural resources, biodiversity, and ecosystems. They work to address environmental issues such as climate change, deforestation, pollution, and wildlife conservation through research, advocacy, and grassroots initiatives.

4. **Human Rights NGOs:** Human rights NGOs promote and defend human rights, civil liberties, and social justice. They monitor human rights violations, provide legal aid and support to victims, advocate for policy reforms, and raise awareness about issues such as freedom of expression, gender equality, and minority rights.
5. **Health NGOs:** Health NGOs focus on improving public health outcomes by providing healthcare services, conducting disease prevention and awareness campaigns, and advocating for access to essential medicines and healthcare infrastructure. They address issues such as HIV/AIDS, maternal and child health, and sanitation.
6. **Education NGOs:** Education NGOs work to expand access to quality education and lifelong learning opportunities for all. They support schools, teachers, and students, promote literacy and vocational training, and advocate for educational reforms and policies that prioritize education as a fundamental human right.
7. **Advocacy NGOs:** Advocacy NGOs work to influence public policies, laws, and social norms on specific issues or causes. They engage in lobbying, public awareness campaigns, and grassroots mobilization to promote legislative changes, social justice, and human rights.
8. **Community-Based Organizations (CBOs):** CBOs are grassroots organizations formed and led by community members to address local needs and priorities. They focus on community development, empowerment, and capacity building, often working closely with residents to identify solutions and implement projects.
9. **International NGOs (INGOs):** INGOs operate across borders and regions, addressing global issues and providing humanitarian assistance, development aid, and advocacy on an international scale. They often collaborate with governments, UN agencies, and other stakeholders to address complex challenges.
10. **Faith-Based NGOs:** Faith-based NGOs are affiliated with religious institutions and operate based on religious principles and values. They provide various services, including humanitarian aid, healthcare, education, and social support, often targeting specific religious or cultural communities.

Role of NGOs:

NGOs play a multifaceted and indispensable role in society, contributing to various aspects of social, economic, and environmental development. Here are some key roles that NGOs fulfill:

1. **Service Delivery:** NGOs provide essential services such as healthcare, education, clean water, sanitation, and social welfare to communities in need. They often operate in areas where government services are inadequate or inaccessible, filling gaps in service provision and improving the quality of life for marginalized populations.

2. **Advocacy and Lobbying:** NGOs advocate for social justice, human rights, environmental protection, and other important causes. They raise awareness about issues, mobilize public support, and lobby policymakers to enact laws and policies that promote positive change and address systemic injustices.
3. **Community Development:** NGOs work to empower communities to identify their own needs, priorities, and solutions. They facilitate participatory processes, build local capacity, and support community-led initiatives to promote sustainable development, economic empowerment, and social cohesion.
4. **Humanitarian Assistance:** NGOs play a crucial role in responding to emergencies and humanitarian crises such as natural disasters, conflicts, and epidemics. They provide life-saving aid, including food, shelter, medical care, and psychosocial support, to affected populations, often working in collaboration with governments and other agencies.
5. **Capacity Building:** NGOs invest in building the capacity of individuals, organizations, and communities to address their own needs and challenges effectively. They provide training, technical assistance, and resources to strengthen local institutions, promote skills development, and foster self-reliance.
6. **Research and Advocacy:** NGOs conduct research, gather data, and analyze trends to better understand complex social, economic, and environmental issues. They use evidence-based research to inform policy debates, develop innovative solutions, and advocate for evidence-based policies and practices.