understand and absorb the knowledge way more quickly and can apply it in the current scenario.

Choosing the Right location:

In India unfortunately, these programs can only be launched where support institutions and resources are available, but ideally, these programmes should be planned and launched in the areas where most people are interested and willing to take advantages of these programmes so that this opportunity can be used most effectively and their is no loss of resources.

Tying up with institutions :-

A lot of times these programmes involves tying up with various institutions like universities, NGO and some private institutions. this is done to give a real world experience to assist the program and give the people some idea of the situations in the real world.

Analyze the result for future development:

This is a very important and final step in the process of entrepreneurship development. After the program has run its course, it is very important to analyze the effectiveness of the program. this is necessary to ensure that in future more effective programs can be developed. for this one has to minimize the short comings of the existing programs.

2. Discuss the role of entrepreneurs in the development of Indian economy ?

It is the entrepreneur who organises and puts to use capital labour and technology. Accordingly "development doe not occur spontaneously as a natural consequence when economic conditions in some sense are right. A catalyst is needed and this requires entreprenurial activity to a considerable extent, the diversity of activities that characterise rich countries can be attributed to the supply of entrepreneurs".

Entreprenures Initiate and sustain in process of economic development in the following ways;

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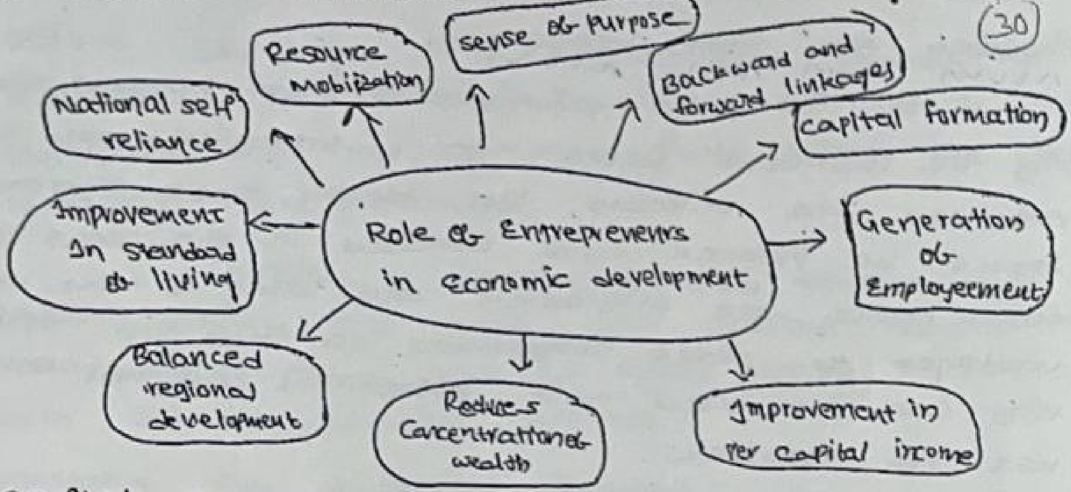


1. capital formation :

Entrepreneurs mobilize the Idle savings of the public through the issues of Industrial securities. Investment of public saving in Industry results in productive utilization of national resources rate of capital formation increases which is essential for rapid economic growth. Thus an entrepreneur is the Creator of wealth.

2. Generation of employement;

Entrepreneurs generate Employeement both directly and Indirectly. Directly, self employeement as entrepreneur offers the best way for independent and honorable life. Indirectly, by setting up large and small scale business units they offer jobs to millions. Thus, Entrepreneurship helps to reduce the unemployement problem in the country.

3. Improvent in per capital income :

Entrepreneurs locate and exploit opportunities. They convert the latest and Idle resouces like land, labour and capital into national Income and wealth in the form of goods and services. They help increase net National product and per capital income in the country.

4. Reduce concentration of wealth:

concentration of wealth also means concentration power - political and social, privileges and opportunities. The reverse is also true. If you don't have any wealth

3. Difference between an entrepreneur and a manager?

Entrepreneur :-

The term 'entrepreneur' is derived from french language which means 'between-takes' or 'go-between'.

An entrepreneur can be defined as a person who develops new enterprises by bringing to gether all the resources necessary for the productions to get started. they can also be called as business man. specifically the ones who have newly entered the business market.

The entrepreneur will have alot of respon-sibilities like finding new opportunités and gathering in all the resources needed for the process to go on and then make sure that everything is 'accomplished' as it needed to be.

Manager :-

The word 'manager' can be defined as a person who supervises his team mates work and make sure that they complete the tasks effectively and with in the required timeline. they are the ones resonsible to focus on business objectives and see that the work has been acomplished as planned.

There are different types of opinions regarding entrepreneur vs manager, but the here in this discussion most of the key difference can make people understand the actural work behaviour or the nature of an en-trepreneur and a manager. the difference b/w manager and entrepreneur are as follows.

After going through the above points of distinctions, it is clear that an entrepreneur differs from a manager. At times, an entrepreneur can be a manager also, but a manager cannot be an entrepreneur. After all an entrepreneur is an owner, but a manager is a servant.

Points	Entrepreneur	Manager.
Motive	The main motive of an Entrepreneur is to start a venture by setting up an enterprise. He understands the venture for his personal gratification.	But, he main motive of a manager is to render his servise is an enterprise already set up by someone etc
Status	An entreprenur is the owner of the enterprise	A manager is the servant in the enterprise owned by the Entrepreneur.
Risk-bearing	An entrepreneur being the owner of the enterprise assumer all risks and uncertainty involved in running the enterprise.	A manager as a servant does not bear any risk involved in the enterprise
Rewards	The reward an entrepreneur gets for bearing risks involved in the enteprise is profit which is highly uncertain.	A manager gets salary as reward for the service rendered by him in the enterprise. Salary of a manager is certain and fixed
Innovation	Entrepreneur himself thinks over what and how to produce goods to meet the changing demands of the customers. Hence, he acts as an Innovator also called a 'change gent'	But, what a manager does is simply to excecute the plans prepared by the entrepreneur. Thus a manager simply translates the Entrepreneurs Ideas in-to practice
Qualification	An entrepreneur need to posses qualities & qualification like high achievement motive, originality in thinking, foresight risk-bearing ability and so on.	On the contrary, a manager need to possess distinct qualifications In terms of sound knowledge in management theory and practice.

1. Entrepreneurship

The entrepreneur is an imp input of economic development. He is a catalyst of development.

The term entrepreneur is defined in a variety of ways.

The word "entrepreneur" is derived from the french word "entreprendre" which means to undertake i.e the person who undertakes the risk of new business.

first appeard in the french language in the beginning of the 16^{th} century.

Acc to Cantilon

"An entrepreneur is a person who buys factor services at certain prices with a view to selling its product at uncertain prices."

Acc to Joseph A. Schumpeter

"The entrepreneur is an advanced Economy is an individual who introduces something new in the economy."

* carry out market research and analyse techno-economic feasibility of an idea conceived in mind.
* Be well aware of competitors, their product and their strengths, weaknesses & mktg strategies.
* know the answers to internal, external risk factors.

③ Planni a new venture

* prepare a project report
* Estimate technical know-how, plant, machinery and supporting services and their suppliers.
* know legal requirements for setting up a new unit.
* plan capital structure.
* Estimate both fixed & working capital needed to start

④ organising a new venture

* ensure proper maintenance of office records
* choose the form of ownership of the proposed firm.
* Determine orgⁿ structure
* obtain certificate of registration (District industries centre)
* arrange business location, factory shed, power, water.
* obtain necessary permits, trade licence,
* arrange insurance coverage against risk of fire
* engage office staff & factory workers, secure plant patent / trade mark rights.

(5) Managing finance

* arrange own and borrowed capital
* avail grants and subsidies from govt
* prepare and review budgets
* Maintain proper books of accounts, annual reports and balance sheet.
* Analyse financial statements, compare actual performance with budget estimate, and enforce financial control.

(6) Managing production operation

* acquire details of basic technical knowledge and production operations.
* formulate purchasing policy, inventory control system
* framework for total Quality control and guidelines for production schedule.
* ensure that every component / R.M, Qlty, price, Quantity, right place & right time.

(7) Managing work force

* arrange systematic man power planning
* decide pay and ~~per~~ perquisites for each position.
* select right person for right job.

1. High general education
2. sharp intelligence
3. initiative
4. accept RISK
5. Emotional stability
6. perception in practical business matters.
7. knowledge of mkt trends
8. Ability to recognize mkt opportunity
9. Basic technical knowledge
10. Ability to mobilize resources
11. wise decisions on use of resources.
12. communication skills
13. Human relationship.
14. Dynamic leadership.

features / characteristics of entrepreneurs

1. passion & Motivation

The one word that describes the basic requirement for an entrepreneurship venture is "passion"

An entrepreneur must build a team keep it motivated and provide an environment for individual growth and carrier development.

⑦ communication ability

This ability pertains to communicate effectively. Good comm^n also means that both the sender and the receiver understand each other and being understand.

An entrepreneur who can effectively communicate with customers, employees, creditors, suppliers will be more likely to success.

⑧ Technical knowledge

He must have a reasonable level of technical knowledge

⑨ Self confidence

He must have belief in themself and the ability to achieve the goals.

⑩ High energy level

Success of an entrepreneur demands the ability to work long hours for sustained periods of time.

Entrepreneurial competencies

An enterprener may possess certain competencies and at the same time it is possible to develop these through training, experience and guidance.

① Initiative

② Systematic planning, organize & manage ably & competently

entrepreneur who takes or initiates the first move towards setting up of an enterprise.

Most of the investors have got this urge to do something different.

② looking for opportunity

③ Creativity & Innovation

He is always on the look out or searching for opportunity and is ready to exploit it in the best interest of the orgn.

④ Risk taking & Risk mgt

③ persistence :

An entrepreneur is never disheartened by failure. He belives in the Japanese proverb Fall seven times, stand up eight.

He follows Try - Try Again for overcoming the obstacles that come in the way of achieving goals.

④ Information seeker

⑤ Problem solving.

He is always keep his eyes and ear open and is receptive to new ideas which can help him in realising his goals.

⑤ Quality consciousness / . Qty perfo

S. E always keep do not belive in moderate or average performance. they set high quality standards for themselfs and then put in their best for achieving these standards.

⑥ commitment to work

S. E are prepared to make all sacrifies for honouring the commitments they have made.

⑦ commitment to efficiency

Top performers are always keen to devise new methods aimed at promoting efficiency.

they try new methods at making working easier, simpler, better and economical.

⑧ proper planning

S. E develop or evolve future course of action keeping in mind the goals to be realised.

they develop relevant and realistic plans to attain their goals.

⑨ problem solver

S. E take pblm as a challenge and put in their best for finding out the solutions.

first they understand the pb/m and then elove appropriate strategy for overcoming the pblm.

(10) Self confidence

Top perf. are not cowed down by difficulties as they believe in their own abilities and strengths.

They have full faith on their knowledge, skill and competence and not worried about future uncertainties.

(11) Employee welfare

future of the orgn depends on its employees. the employees are dedicated, committed the orgn perform well.

A S.E tries to promote orgn interest through promotion of the workers.

He take personal interest in solving pblms.

it creates new business

it adds to national income

it create social change

community development

A creation of Job opportunity

UNIT-2

Theories of entrepreneurship

An entrepreneur is someone who runs a business as a sole owner with the aim of making profit even though they encounter a lot of challenges. Theories of entrepreneurship are very essential as they help to explain what entrepreneurship entails. In this article, you will find valuable information about several theories of entrepreneurship. It also defines theories of entrepreneurship.

Different theories of entrepreneurship

1. Economic theories of entrepreneurship

The economic ~~theory is~~ among the main economic theories of entrepreneurship. This theory asserts that the economy and entrepreneurship are closely linked together. Entrepreneurship and economic growth can only work when the economic conditions are favorable. As such, it is usually hard for entrepreneurs to realize growth when the economy is doing poorly. This theory further states that entrepreneurs find motivation in the presence of economic incentives which include industrial policy, policies of taxation, financial and resource sources, availability of infrastructure, investment opportunities, marketing opportunities, availability of information regarding the conditions of the market and technology among others . An entrepreneur is therefore a risk taker because he can never fully predict about the favorability of the economic conditions in future.

2. Sociological theories of entrepreneurship

This is also among the contemporary theories of entrepreneurship. It argues that the success of an entrepreneur is affected by their social culture. They are more likely to achieve growth in particular social settings. Among the social aspects that affect an entrepreneur include the social values, customs, taboos, religious beliefs and other cultural activities. He or she has to conform to the social expectations when carrying out their business.

3. Entrepreneurship Innovation theory

This is also the top theories of entrepreneurship in Kenya. An entrepreneur does not merely conduct business to better their lives alone. Rather, through their activities, they are able to cause development in the economy and the society at large. The inventor of this theory, Joseph Schumpeter, argued that an entrepreneur grows by being creative and having a foresight.

One of the creative things that an entrepreneur does is introduce a new product. A new product often comes to solve a certain problem in the society or make it more convenient. Another innovative aspect is that in a bid to achieve growth and have more profits, an entrepreneur introduces a new production method. Notably, enhanced production methods lead to a reduction in the cost of production and an increase in the goods manufactured. Innovation also comes in when an entrepreneur opens a new market. This is often done after the identification of a growth opportunity or a void in the economy. The discovery of new sources of raw materials and establishment of organization are also aspects of entrepreneurs being innovators. These activities of an entrepreneur lead to the creation of jobs and accessibility of commodities, thus improving the economy.

4. Theory of high achievement/Theory of achievement motivation Not all people are interested in being entrepreneurs. But David McClelland argued that people who aim to become entrepreneurs must have a need for achievement, a need for affiliation and a need for power. These act as the basis upon which an entrepreneurial personality is established. Achievement motivation has a

lot of significance in entrepreneurship because it is the one that leads to economic and social development. Entrepreneurs always want to achieve success in their endeavors. The need for power comes from the urge to gain dominance in a certain field and thus cause influence among other people. The need for affiliation comes from the urge to motive of maintain friendships with other people.

6. Resource based theories According to these theories, entrepreneurs require resources to go about their businesses. Their efforts must be combined with resources such as time, money and labor. Failure to access resources can cause their efforts to become futile. Capital, for instance, enables an entrepreneur to growth their business. Other aspects that can be considered as essential resources include access to information, education and leadership. Getting sufficient resources can be quite hectic at times and that is why entrepreneurs are considered to be people who require to work hard and smart.

7. Opportunity based theory With the aim of being successful, entrepreneurs grab any opportunity they come across. These opportunities are made available through the changes in technology, society or culture. Notably, as these changes occur, consumers change their preferences. An entrepreneur must therefore take those changes as opportunities of succeeding in their businesses. Also, technology sets a basis upon which innovation is created and facilitated. Therefore, this theory suggests that entrepreneurs are always on the lookout for opportunities that will enable them increase the growth of their ventures.

8. Status withdrawal theory This theory argues that entrepreneurial aggressiveness can be created when people of a certain class lose the prestige they initially had or when they belong to a minority group. Entrepreneurship, if done correctly, can help a person live a satisfactory and content life.

Therefore, individuals will attempt by all means to become as prestigious as they were in the past. If they come from a minority group, they must better their lives by working hard at being entrepreneurs. Also, being a successful entrepreneur evokes respect from the society. Producing an innovative product or service that will help solve various societal concerns can make a person to be highly valued and admired by the community. As such, some people aim at achieving this admiration, fame or popularity through entrepreneurship.

9) psychological theory

This theory developed by David Mc clelland as an achievement motivation theory. Doing innovative things in a efficient manner and decision making under uncertainty are more likely to become a succesful entr.

He suggested that there are 3 needs for personal requirements i.e achievement, affeliation, and power.

It is possible when the existing entr improves their perf through imparting proper training & education.

As per entrepreneurial personality emphasized by Economic and social development.

An entr tries to find internal factors like human valu and motives that lead to making opportunities, to grab advantageous trade conditions.

c) Human Resources

Refers to skilled labour force in orgⁿ and other decision in relation to human resource such as training and development of employees, decision to hire permanent or temporary employees, amount of investment to be made of human resource in orgⁿ.

d) inforⁿ resources

It is very imp on part of orgⁿ to collect inforⁿ about competitors, customers taste and preferences, recent development in area of business company will be operating the company has to maintain valid & accurate mgt inforⁿ system in order to suffice to the inforⁿ needs of company.

⑤ Create new venture

once the entrepreneur has arranged in for resources mentioned above, next step involves creation and establishment of new venture. which requires fulfilment of various legal formalities.

⑥ change and adapt with time

Initial plan developed by entrepreneur may not be suitable for long run. so business plan is required to be updated on regular basis to cope up with recent trends or updation in mkt.

Intrapreneur

Intrapreneur – Meaning

The word intrapreneur is coined in 1980s by a management consultant Gifford Pincho.

An intrapreneur is an inside entrepreneur, or an entrepreneur within a large firm, who uses entrepreneurial skills without incurring the risks associated with those activities. Intrapreneurs are usually employees within a company who are assigned to work on a special idea or project, and they are instructed to develop the project like an entrepreneur would. Intrapreneurs usually have the resources and capabilities of the firm at their disposal.

Entrepreneurs and intrapreneurs vary in their level of focus. Whereas an entrepreneur envisions a company from start to finish, an intrapreneur has a much broader vision for an established company. Because the intrapreneur works on solving bigger issues within the business, he/she typically has more directly applicable skills for given tasks and takes more risks within the context of his/her job.

Intrapreneur – Definitions

(1) Pinchot defined intrapreneurs as "dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business".

(2) According to The American Heritage Dictionary intrapreneur, means "A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through "assertive risk-taking and innovation".

(3) Koch defines intrapreneurs as "persons who are the "secret weapon" of the business world. Based on these definitions, being an intrapreneur is considered to be beneficial for both intrapreneurs and large organisations. Companies support

→ An intrapreneur works inside a company to develop an innova ideas / project that will enhance the company's future.

→ The term intrapreneur is a combination of two words 'internal' entrepreneur.

→ He is generally given autonomy to work on a project that w have a considerable impact on the company.

→ An intrapreneur may turn into an entrepreneur and start th own venture.

Diff b/w Entrepreneur & Intrapreneur

Entrepreneur	Intrapreneur
1. Dependency:	
He is fully independent. he does not work for others and his own boss.	He depends on corporate owner. he works for corporation under defind rules & regulations.
(2) Capital / Investment	
- He manages required capital him self. he raises funds for new business	- He does not need to manage required funds becoz corporation raises capital for the business
(3) Risk Bearing	
- He bears 100% business risk. he risks own money.	- He does not bear full risk of the business, he risks others money.
(4) primary motive	
- primary motive of Entrepreneur is to be independent, self satisfaction and earn monetary rewards	- He has the motive of advancement and promotion with fixed salary.
(5) Time Bound	
He does not follow strick timetable. it may take several years for the growth of the business	- He is bounded by the corporate timetable.
(6) Mind - set	
- He is guided by the principle of problems provide opportunities	- He thinks that the problems are threats for him and his corporation

intrapreneurs with finance and access to corporate resources, while intrapreneurs create innovation for companies".

Intrapreneur – Characteristics

There are many characteristics of an intrapreneur:

1. Creates new ventures – Giving birth to new businesses within the existing organizations is the typical characteristic of an intrapreneur.

2. Innovates products/services – A tendency towards technological leadership by way of continual innovation of products/services is desirable on part of an intrapreneur.

3. Innovates processes – Under fiercely competitive business landscape, business processes need to be reinvented time and again by the intrapreneurs for better efficiency, productivity, and quality.

4. Proactive – Intrapreneurs attempt to lead rather than follow the competitors through their pro-activeness.

5. Risk-taking – Intrapreneurs have a risk-taking attitude with regard to investment decisions and strategic actions under situations of uncertainty.

6. Renews organizations – An intrapreneur is expected to transform the organizations through renewal of key ideas on which they are built.

7. Competitively aggressive – An intrappreneur has the propensity to directly and intensely challenge his organization's competitors to achieve entry or to improve position.

8. profit sharing agreement : In many orgns, a profit - sharing a is signed mutually b/w the company & the employee.

9. Mutual benefit : Through intrapreneurship, an employee achieves empowerment and self actualisation and the com also grows remarkably.

10. Innovative : The intrapreneurship spirit is usually creat in solving problems, likes to try new & better things, an sees problems as opportunities to be solved.

Form of Business Organization

Imagine you want to do business. Which are you interested in? For example, you want to get into InfoTech industry. What can you do in this industry? Which one do you choose? The following are the alternatives you have on hand:

- You can buy and sell
- You can set up a small/medium/large industry to manufacture
- You can set up a workshop to repair
- You can develop software
- You can design hardware
- You can be a consultant/trouble-shooter

Factors affecting the choice of form of business organization

Before we choose a particular form of business organization, let us study what factors affect such a choice? The following are the factors affecting the choice of a business organization:

1. Easy to start and easy to close: The form of business organization should be such that it should be easy to close. There should not be hassles or long procedures in the process of setting up business or closing the same.

2. Division of labor: There should be possibility to divide the work among the available owners.

3. Large amount of resources: Large volume of business requires large volume of resources. Some forms of business organization do not permit to raise larger resources. Select the one which permits to mobilize the large resources.

4. Liability: The liability of the owners should be limited to the extent of money invested in business. It is better if their personal properties are not brought into business to make up the losses of the business.

5. Secrecy: The form of business organization you select should be such that it should permit to take care of the business secrets. We know that century old business units are still surviving only because they could successfully guard their business secrets.

6. Transfer of ownership: There should be simple procedures to transfer the ownership to the next legal heir.

7. Ownership, Management and control: If ownership, management and control are in the hands of one or a small group of persons, communication will be effective and coordination will be easier. Where ownership, management and control are widely distributed, it calls for a high degree of professional's skills to monitor the performance of the business.

8. Continuity: The business should continue forever and ever irrespective of the uncertainties in future.

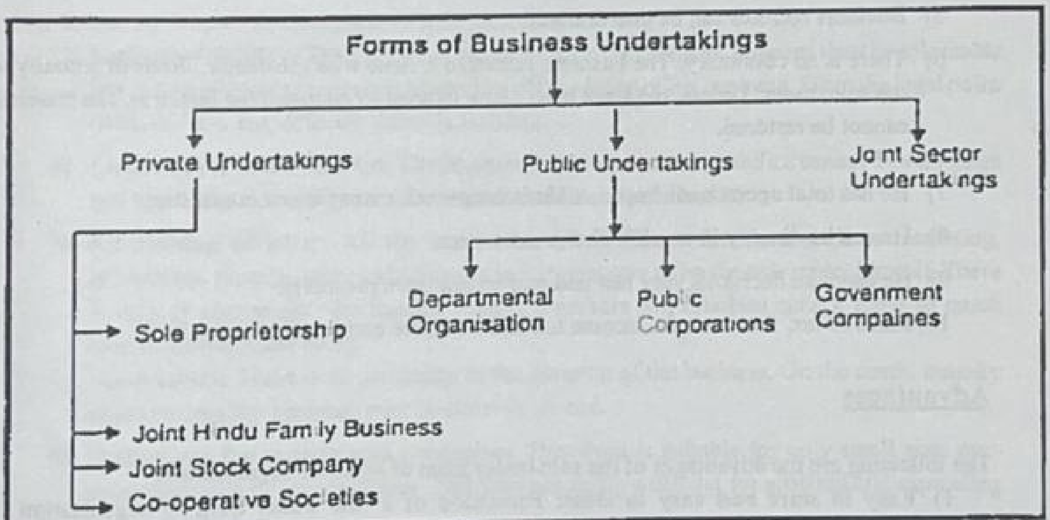
9. Quick decision-making: Select such a form of business organization, which permits you to take decisions quickly and promptly. Delay in decisions may invalidate the relevance of the decisions.

10. Personal contact with customer: Most of the times, customers give us clues to improve business. So choose such a form, which keeps you close to the customers.

11. Flexibility: In times of rough weather, there should be enough flexibility to shift from one business to the other. The lesser the funds committed in a particular business, the better it is.

12. Taxation: More profit means more tax. Choose such a form, which permits to pay low tax.

These are the parameters against which we can evaluate each of the available forms of business organizations.



SOLE TRADER

The sole trader is the simplest, oldest and natural form of business organization. It is also called sole proprietorship. 'Sole' means one. 'Sole trader' implies that there is only one trader who is the owner of the business.

It is a one-man form of organization wherein the trader assumes all the risk of ownership carrying out the business with his own capital, skill and intelligence. He is the boss for himself. He has total operational freedom. He is the owner, Manager and controller. He has total freedom and flexibility. Full control lies with him. He can take his own decisions. He can choose or drop a particular product or business based on its merits. He need not discuss this with anybody. He is responsible for himself. This form of organization is popular all over the world. Restaurants, Supermarkets, medical shops, hosiery shops etc.

Features

It is easy to start a business under this form and also easy to close.

1) He introduces his own capital. Sometimes, he may borrow, if necessary
2) He enjoys all the profits and in case of loss, he lone suffers.
3) He has unlimited liability which implies that his liability extends to his personal properties in case of loss.
4) He has a high degree of flexibility to shift from one business to the other.
5) Business secretes can be guarded well
6) There is no continuity. The business comes to a close with the death, illness or insanity of the sole trader. Unless, the legal heirs show interest to continue the business, the business cannot be restored.
7) He has total operational freedom. He is the owner, manager and controller.
8) He can be directly in touch with the customers.
9) He can take decisions very fast and implement them promptly.
10) Rates of tax, for example, income tax and so on are comparatively very low.

Advantages

The following are the advantages of the sole trader from of business organization:

1) **Easy to start and easy to close:** Formation of a sole trader from of organization is relatively easy even closing the business is easy.
2) **Personal contact with customers directly:** Based on the tastes and preferences of the customers the stocks can be maintained.
3) **Prompt decision-making:** To improve the quality of services to the customers, he can take any decision and implement the same promptly. He is the boss and he is responsible for his business Decisions relating to growth or expansion can be made promptly.
4) **High degree of flexibility:** Based on the profitability, the trader can decide to continue or change the business, if need be.
5) **Secrecy:** Business secrets can well be maintained because there is only one trader.
6) **Low rate of taxation:** The rate of income tax for sole traders is relatively very low.

7) **Direct motivation:** If there are profits, all the profits belong to the trader himself. In o
8) In other words. If he works harder, he will get more profits. This is the direct motivating factor. At the same time, if he does not take active interest, he may stand to lose badly also.
9) **Total Control:** The ownership, management and control are in the hands of the sole trader and hence it is easy to maintain the hold on business.
10) **Minimum interference from government:** Except in matters relating to public interest, government does not interfere in the business matters of the sole trader. The sole trader is free to fix price for his products/services if he enjoys monopoly market.
11) **Transferability:** The legal heirs of the sole trader may take the possession of the business.

Disadvantages

The following are the disadvantages of sole trader form:

1) **Unlimited liability:** The liability of the sole trader is unlimited. It means that the sole trader has to bring his personal property to clear off the loans of his business. From the legal point of view, he is not different from his business.
2) **Limited amounts of capital:** The resources a sole trader can mobilize cannot be very large and hence this naturally sets a limit for the scale of operations.
3) **No division of labor:** All the work related to different functions such as marketing, production, finance, labor and so on has to be taken care of by the sole trader himself. There is nobody else to take his burden. Family members and relatives cannot show as much interest as the trader takes.
4) **Uncertainty:** There is no continuity in the duration of the business. On the death, insanity of insolvency the business may be come to an end.
5) **Inadequate for growth and expansion:** This from is suitable for only small size, one-man-show type of organizations. This may not really work out for growing and expanding organizations.
6) **Lack of specialization:** The services of specialists such as accountants, market researchers, consultants and so on, are not within the reach of most of the sole traders.
7) **More competition:** Because it is easy to set up a small business, there is a high degree of competition among the small businessmen and a few who are good in taking care of customer requirements along can service.
8) **Low bargaining power:** The sole trader is the in the receiving end in terms of loans or supply of raw materials. He may have to compromise many times regarding the terms and conditions of purchase of materials or borrowing loans from the finance houses or banks.

PARTNERSHIP

Partnership is an improved from of sole trader in certain respects. Where there are like-minded persons with resources, they can come together to do the business and share the profits/losses of the business in an agreed ratio. Persons who have entered into such an agreement are individually called 'partners' and collectively called 'firm'. The relationship among partners is called a partnership.

Indian Partnership Act, 1932 defines partnership as the relationship between two or more persons who agree to share the profits of the business carried on by all or any one of them acting for all.

Features

1) **Relationship:** Partnership is a relationship among persons. It is relationship resulting out of an agreement.
2) **Two or more persons:** There should be two or more number of persons.
3) **There should be a business:** Business should be conducted.
4) **Agreement:** Persons should agree to share the profits/losses of the business
5) **Carried on by all or any one of them acting for all:** The business can be carried on by all or any one of the persons acting for all. This means that the business can be carried on by one person who is the agent for all other persons. Every partner is both an agent and a principal. Agent for other partners and principal for himself. All the partners are agents and the 'partnership' is their principal.

The following are the other features:

(a) **Unlimited liability:** The liability of the partners is unlimited. The partnership and partners, in the eye of law, and not different but one and the same. Hence, the partners have to bring their personal assets to clear the losses of the firm, if any.

(b) **Number of partners:** According to the Indian Partnership Act, the minimum number of partners should be two and the maximum number if restricted, as given below:

- 10 partners are case of banking business
- 20 in case of non-banking business

(c) **Division of labor:** Because there are more than two persons, the work can be divided among the partners based on their aptitude.

(d) **Personal contact with customers:** The partners can continuously be in touch with the customers to monitor their requirements.

(e) **Flexibility:** All the partners are likeminded persons and hence they can take any decision relating to business.

Partnership Deed

The written agreement among the partners is called 'the partnership deed'. It contains the terms and conditions governing the working of partnership. The following are contents of the partnership deed.

1) Names and addresses of the firm and partners
2) Nature of the business proposed
3) Duration
4) Amount of capital of the partnership and the ratio for contribution by each of the partners.
5) Their profit-sharing ration (this is used for sharing losses also)
6) Rate of interest charged on capital contributed, loans taken from the partnership and the amounts drawn, if any, by the partners from their respective capital balances.
7) The amount of salary or commission payable to any partner
8) Procedure to value good will of the firm at the time of admission of a new partner, retirement of death of a partner
9) Allocation of responsibilities of the partners in the firm
10) Procedure for dissolution of the firm
11) Name of the arbitrator to whom the disputes, if any, can be referred to for settlement.
12) Special rights, obligations and liabilities of partners(s), if any.

KIND OF PARTNERS

The following are the different kinds of partners:

1) **Active Partner:** Active partner takes active part in the affairs of the partnership. He is also called working partner.
2) **Sleeping Partner:** Sleeping partner contributes to capital but does not take part in the affairs of the partnership.
3) **Nominal Partner:** Nominal partner is partner just for namesake. He neither contributes to capital nor takes part in the affairs of business. Normally, the nominal partners are those who have good business connections, and are well places in the society.
4) **Partner by Estoppels:** Estoppels means behavior or conduct. Partner by estoppels gives an impression to outsiders that he is the partner in the firm. In fact be neither contributes to capital, nor takes any role in the affairs of the partnership.
5) **Partner by holding out:** If partners declare a particular person (having social status) as partner and this person does not contradict even after he comes to know such declaration, he is called a partner by holding out and he is liable for the claims of third parties. However,

the third parties should prove they entered into contract with the firm in the belief that he is the partner of the firm. Such a person is called partner by holding out.

6) **Minor Partner:** Minor has a special status in the partnership. A minor can be admitted for the benefits of the firm. A minor is entitled to his share of profits of the firm. The liability of a minor partner is limited to the extent of his contribution of the capital of the firm.

Right of partners

Every partner has right

1) To take part in the management of business
2) To express his opinion
3) Of access to and inspect and copy and book of accounts of the firm
4) To share equally the profits of the firm in the absence of any specific agreement to the contrary
5) To receive interest on capital at an agreed rate of interest from the profits of the firm
6) To receive interest on loans, if any, extended to the firm.
7) To be indemnified for any loss incurred by him in the conduct of the business
8) To receive any money spent by him in the ordinary and proper conduct of the business of the firm.

Advantages

The following are the advantages of the partnership from:

1) **Easy to form:** Once there is a group of like-minded persons and good business proposal, it is easy to start and register a partnership.
2) **Availability of larger amount of capital:** More amount of capital can be raised from more number of partners.
3) **Division of labor:** The different partners come with varied backgrounds and skills. This facilities division of labor.
4) **Flexibility:** The partners are free to change their decisions, add or drop a particular product or start a new business or close the present one and so on.
5) **Personal contact with customers:** There is scope to keep close monitoring with customers requirements by keeping one of the partners in charge of sales and marketing. Necessary changes can be initiated based on the merits of the proposals from the customers.
6) **Quick decisions and prompt action:** If there is consensus among partners, it is enough to implement any decision and initiate prompt action. Sometimes, it may more time for the partners on strategic issues to reach consensus

Disadvantages:

The following are the disadvantages of partnership:

1) **Formation of partnership is difficult:** Only like-minded persons can start a partnership. It is sarcastically said,' it is easy to find a life partner. but not a business partner'.
2) **Liability:** The partners have joint and several liabilities beside unlimited liability. Joint and several liability puts additional burden on the partners, which means that even the personal properties of the partner or partners can be attached. Even when all but one partner become insolvent, the solvent partner has to bear the entire burden of business loss.
3) **Lack of harmony or cohesiveness:** It is likely that partners may not, most often work as a group with cohesiveness. This result in mutual conflicts, an attitude of suspicion and crisis of confidence. Lack of harmony results in delay in decisions and paralyses the entire operations.
4) **Limited growth:** The resources when compared to sole trader, a partnership may raise little more. But when compare to the other forms such as a company, resources raised in this form of organization are limited. Added to this, there is a restriction on the maximum number of partners.
5) **Instability:** The partnership form is known for its instability. The firm may be dissolved on death, insolvency or insanity of any of the partners.

JOINT STOCK COMPANY

The joint stock company emerges from the limitations of partnership such as joint and several liability, unlimited liability, limited resources and uncertain duration and so on. Normally, to take part in a business, it may need large money and we cannot foretell the fate of business. It is not literally possible to get into business with little money. Against this background, it is interesting to study the functioning of a joint stock company. The main principle of the joint stock company from is to provide opportunity to take part in business with a low investment as possible say Rs.1000. Joint Stock Company has been a boon for investors with moderate funds to invest.
The word 'company' has a Latin origin, com means ' come together', Pany means ' bread', joint stock company means, people come together to earn their livelihood by investing in the stock of company jointly.

Company Defined

Lord justice Lindley explained the concept of the joint stock company from of organization as 'an association of many persons who contribute money or money's worth to a common stock and employ it for a common purpose.

Features

This definition brings out the following features of the company:

1) **Artificial person:** The Company has no form or shape. It is an artificial person created by law. It is intangible, invisible and existing only, in the eyes of law.

2) **Separate legal existence:** it has an independence existence, it separates from its members. It can acquire the assets. It can borrow for the company. It can sue other if they are in default in payment of dues, breach of contract with it, if any. Similarly, outsiders for any claim can sue it. A shareholder is not liable for the acts of the company. Similarly, the shareholders cannot bind the company by their acts.

3) **Voluntary association of persons:** The Company is an association of voluntary association of persons who want to carry on business for profit. To carry on business, they need capital. So they invest in the share capital of the company.

4) **Limited Liability:** The shareholders have limited liability i.e., liability limited to the face value of the shares held by him. In other words, the liability of a shareholder is restricted to the extent of his contribution to the share capital of the company. The shareholder need not pay anything, even in times of loss for the company, other than his contribution to the share capital.

5) **Capital is divided into shares:** The total capital is divided into a certain number of units. Each unit is called a share. The price of each share is priced so low that every investor would like to invest in the company. The companies promoted by promoters of good standing (i.e., known for their reputation in terms of reliability character and dynamism) are likely to attract huge resources.

6) **Transferability of shares:** In the company form of organization, the shares can be transferred from one person to the other. A shareholder of a public company can cell sell his holding of shares at his will. However, the shares of a private company cannot be transferred. A private company restricts the transferability of the shares.

7) **7.Common Seal:** As the company is an artificial person created by law has no physical form, it cannot sign its name on a paper; so, it has a common seal on which its name is engraved. The common seal should affix every document or contract; otherwise the company is not bound by such a document or contract.

8) **Perpetual succession:** 'Members may comes and members may go, but the company continues for ever and ever' A. company has uninterrupted existence because of the right given to the shareholders to transfer the shares.

9) **Ownership and Management separated:** The shareholders are spread over the length and breadth of the country, and sometimes, they are from different parts of the world. To facilitate administration, the shareholders elect some among themselves or the promoters of the company as directors to a Board, which looks after the management of the business. The Board recruits the managers and employees at different levels in the management. Thus the management is separated from the owners.

10) **Winding up:** Winding up refers to the putting an end to the company. Because law creates it, only law can put an end to it in special circumstances such as representation from creditors of financial institutions, or shareholders against the company that their interests are not safeguarded. The company is not affected by the death or insolvency of any of its members.

Formation of Joint Stock company

There are two stages in the formation of a joint stock company. They are:
(a) To obtain Certificates of Incorporation
(b) To obtain certificate of commencement of Business

Certificate of Incorporation: The certificate of Incorporation is just like a 'date of birth' certificate. It certifies that a company with such and such a name is born on a particular day.
Certificate of commencement of Business: A private company need not obtain the certificate of commencement of business. It can start its commercial operations immediately after obtaining the certificate of Incorporation.

The persons who conceive the idea of starting a company and who organize the necessary initial resources are called promoters. The .vision of the promoters forms the backbone for the company in the future to reckon with.

The promoters have to file the following documents, along with necessary fee, with a registrar of joint stock companies to obtain certificate of incorporation:

(a) **Memorandum of Association:** The Memorandum of Association is also called the charter of the company. It outlines the relations of the company with the outsiders. If furnishes all its details in six clause such as (ii) Name clause (II) situation clause (iii) objects clause (iv) Capital clause and (vi) subscription clause duly executed by its subscribers.

(b) **Articles of association:** Articles of Association furnishes the byelaws or internal rules government the internal conduct of the company.

(c) The list of names and address of the proposed directors and their willingness, in writing to act as such, in case of registration of a public company.

(d) A statutory declaration that all the legal requirements have been fulfilled. The declaration has to be duly signed by any one of the following: Company secretary in whole practice, the proposed director, legal solicitor, chartered accountant in whole time practice or advocate of High court.

The registrar of joint stock companies peruses and verifies whether all these documents are in order or not. If he is satisfied with the information furnished, he will register the documents and then issue a certificate of incorporation, if it is private company, it can start its business operation immediately after obtaining certificate of incorporation.

Advantages

The following are the advantages of a joint Stock Company

1) **Mobilization of larger resources:** A joint stock company provides opportunity for the investors to invest, even small sums, in the capital of large companies. The facilities rising of larger resources.
2) **Separate legal entity:** The Company has separate legal entity. It is registered under Indian Companies Act, 1956.
3) **Limited liability:** The shareholder has limited liability in respect of the shares held by him. In no case, does his liability exceed more than the face value of the shares allotted to him.
4) **Transferability of shares:** The shares can be transferred to others. However, the private company shares cannot be transferred.
5) **Liquidity of investments:** By providing the transferability of shares, shares can be converted into cash.
6) **Inculcates the habit of savings and investments:** Because the share face value is very low, this promotes the habit of saving among the common man and mobilizes the same towards investments in the company.
7) **Democracy in management:** the shareholders elect the directors in a democratic way in the general body meetings. The shareholders are free to make any proposals, question the practice of the management, suggest the possible remedial measures, as they perceive, the directors respond to the issue raised by the shareholders and have to justify their actions.
8) **Economics of large-scale production:** Since the production is in the scale with large funds at
9) **Continued existence:** The Company has perpetual succession. It has no natural end. It continues forever and ever unless law put an end to it.
10) **Institutional confidence:** Financial Institutions prefer to deal with companies in view of their professionalism and financial strengths.
11) **Professional management:** With the larger funds at its disposal, the Boar

Disadvantages

1) **Formation of company is a long-drawn procedure:** Promoting a joint stock company involves a long-drawn procedure. It is expensive and involves large number of legal formalities.
2) **High degree of government interference:** The government brings out a number of rules and regulations governing the internal conduct of the operations of a company such as meetings, voting, audit and so on, and any violation of these rules results into statutory lapses, punishable under the companies act.
3) **Inordinate delays in decision-making:** As the size of the organization grows, the number of levels in organization also increases in the name of specialization. The more the number of levels, the more is the delay in decision-making. Sometimes, so-called professionals do not respond to the urgencies as required. It promotes delay in administration, which is referred to 'red tape and bureaucracy'.
4) **4.Lack or initiative:** In most of the cases, the employees of the company at different levels show slack in their personal initiative with the result, the opportunities once missed do not recur and the company loses the revenue.
5) **Lack of responsibility and commitment:** In some cases, the managers at different levels are afraid to take risk and more worried about their jobs rather than the huge funds invested in the capital of the company lose the revenue.

PUBLIC ENTERPRISES

Public enterprises occupy an important position in the Indian economy. Today, public enterprises provide the substance and heart of the economy. Its investment of over Rs.10,000 crore is in heavy and basic industry, and infrastructure like power, transport and communications. The concept of public enterprise in Indian dates back to the era of pre-independence.

Genesis of Public Enterprises

In consequence to declaration of its goal as socialistic pattern of society in 1954, the Government of India realized that it is through progressive extension of public enterprises only, the following aims of our five years plans can be fulfilled.

- Higher production
- Greater employment
- Economic equality, and
- Dispersal of economic power

The government found it necessary to revise its industrial policy in 1956 to give it a socialistic bent.

Need for Public Enterprises
The Industrial Policy Resolution 1956 states the need for promoting public enterprises as follows:

- To accelerate the rate of economic growth by planned development
- To speed up industrialization, particularly development of heavy industries and to expand public sector and to build up a large and growing cooperative sector.
- To increase infrastructure facilities
- To disperse the industries over different geographical areas for balanced regional development

Achievements of public Enterprises
The achievements of public enterprise are vast and varied. They are:

1) Setting up a number of public enterprises in basic and key industries
2) Generating considerably large employment opportunities in skilled, unskilled, supervisory and managerial cadres.
3) Creating internal resources and contributing towards national exchequer for funds for development and welfare.
4) Bringing about development activities in backward regions, through locations in different areas of the country.
5) Assisting in the field of export promotion and conservation of foreign exchange.
6) Creating viable infrastructure and bringing about rapid industrialization (ancillary industries developed around the public sector as its nucleus).
7) Restricting the growth of private monopolies
8) Stimulating diversified growth in private sector

Forms of public enterprises
Public enterprises can be classified into three forms:

(a) Departmental undertaking

(b) Public corporation

(c) Government company

These are explained below
Departmental Undertaking
This is the earliest from of public enterprise. Under this form, the affairs of the public enterprise are carried out under the overall control of one of the departments of the government. The government department appoints a managing director (normally a civil servant) for the departmental undertaking. He will be given the executive authority to take necessary decisions.

2. **No incentive to maximize earnings:** The departmental undertaking does not retain any surplus with it. So, there is no inventive for maximizing the efficiency or earnings.

3. **Slow response to market conditions:** Since there is no competition, there is no profit motive; there is no incentive to move swiftly to market needs.

4. **Redtapism and bureaucracy:** The departmental undertakings are in the control of a civil servant and under the immediate supervision of a government department. Administration gets delayed substantially.

PUBLIC CORPORATION

A public corporation is defined as a 'body corporate creates by an Act of Parliament or Legislature and notified by the name in the official gazette of the central or state government. It is a corporate entity having perpetual succession, and common seal with power to acquire, hold, dispose off property, sue and be sued by its name".
Examples of a public corporation are Life Insurance Corporation of India, Unit Trust of India, Industrial Finance Corporation of India, Damodar Valley Corporation and others.

Features

1. **A body corporate:** It has a separate legal existence. It is a separate company by itself. If can raise resources, buy and sell properties, by name sue and be sued.

2. **More freedom and day-to-day affairs:** It is relatively free from any type of political interference. It enjoys administrative autonomy.

3. **Freedom regarding personnel:** The employees of public corporation are not government civil servants. The corporation has absolute freedom to formulate its own personnel policies and procedures, and these are applicable to all the employees including directors.

4. **Perpetual succession:** A statute in parliament or state legislature creates it. It continues forever and till a statue is passed to wind it up.

5. **Financial autonomy:** Through the public corporation is fully owned government organization, and the initial finance are provided by the Government, it enjoys total financial autonomy, Its income and expenditure are not shown in the annual budget of the government, it enjoys total financial autonomy.

6. **Commercial audit:** Except in the case of banks and other financial institutions where chartered accountants are auditors, in all corporations, the audit is entrusted to the comptroller and auditor general of India.

7. **Run on commercial principles:** As far as the discharge of functions, the corporation shall act as far as possible on sound business principles.

Advantages

1. Independence, initiative and flexibility: The corporation has an autonomous set up. So it is independent, take necessary initiative to realize its goals, and it can be flexible in its decisions as required.

2. Scope for Redtapism and bureaucracy minimized: The Corporation has its own policies and procedures. If necessary, they can be simplified to eliminate redtapism and bureaucracy, if any.

3. Public interest protected: The corporation can protect the public interest by making its policies more public friendly, Public interests are protected because every policy of the corporation is subject to ministerial directives and board parliamentary control.

4. Employee friendly work environment: Corporation can design its own work culture and train its employees accordingly. It can provide better amenities and better terms of service to the employees and thereby secure greater productivity.

5. Competitive prices: the corporation is a government organization and hence can afford with minimum margins of profit, It can offer its products and services at competitive prices.

6. Economics of scale: By increasing the size of its operations, it can achieve economics of large-scale production.

Disadvantages

1. Continued political interference: the autonomy is on paper only and in reality, the continued.

2. Misuse of Power: In some cases, the greater autonomy leads to misuse of power. It takes time to unearth the impact of such misuse on the resources of the corporation. Cases of misuse of power defeat the very purpose of the public corporation.

3. Burden for the government: Where the public corporation ignores the commercial principles and suffers losses, it is burdensome for the government to provide subsidies to make up the losses.

Government Company

Section 617 of the Indian Companies Act defines a government company as "any company in which not less than 51 percent of the paid up share capital" is held by the Central Government or by any State Government or Governments or partly by Central Government and partly by one or more of the state Governments and includes and company which is subsidiary of government company as thus defined".

A government company is the right combination of operating flexibility of privately organized companies with the advantages of state regulation and control in public interest.

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Ex: Hindustan petroleum, BSNL, Coal india Ltd
Bharat petroleum co
Hindustan Aircrafts ltd

Government companies differ in the degree of control and their motive also.
Some government companies are promoted as

- Industrial undertakings (such as Hindustan Machine Tools, Indian Telephone Industries, and so on)
- Promotional agencies (such as National Industrial Development Corporation, National Small Industries Corporation, and so on) to prepare feasibility reports for promoters who want to set up public or private companies
- Agency to promote trade or commerce. For example, state trading corporation, Export Credit Guarantee Corporation and so such like.
- A company to take over the existing sick companies under private management (E.g. Hindustan Shipyard)
- A company established as a totally state enterprise to safeguard national interests such as Hindustan Aeronautics Ltd. And so on.

Features

The following are the features of a government company:

1. Like any other registered company: It is incorporated as a registered company under the Indian companies Act. 1956. Like any other company, the government company has separate legal existence. Common seal, perpetual succession, limited liability, and so on. The provisions of the Indian Companies Act apply for all matters relating to formation, administration and winding up. However, the government has a right to exempt the application of any provisions of the government companies.

2. Shareholding: The majority of the share are held by the Government, Central or State, partly by the Central and State Government(s), in the name of the President of India, It is also common that the collaborators and allotted some shares for providing the transfer of technology.

3. Directors are nominated: As the government is the owner of the entire or majority of the share capital of the company, it has freedom to nominate the directors to the Board. Government may consider the requirements of the company in terms of necessary specialization and appoints the directors accordingly.

4. Administrative autonomy and financial freedom: A government company functions independently with full discretion and in the normal administration of affairs of the undertaking.

5. Subject to ministerial control: Concerned minister may act as the immediate boss. It is because it is the government that nominates the directors, the minister issue directions for a company and he can call for information related to the progress and affairs of the company any time.

Min of corporate affairs

Advantages

1. **Formation is easy:** There is no need for an Act in legislature or parliament to promote a government company. A Government company can be promoted as per the provisions of the companies Act. Which is relatively easier?

2. **Separate legal entity:** It retains the advantages of public corporation such as autonomy, legal entity.

3. **Ability to compete:** It is free from the rigid rules and regulations. It can smoothly function with all the necessary initiative and drive necessary to complete with any other private organization. It retains its independence in respect of large financial resources, recruitment of personnel, management of its affairs, and so on.

4. **Flexibility:** A Government company is more flexible than a departmental undertaking or public corporation. Necessary changes can be initiated, which the framework of the company law. Government can, if necessary, change the provisions of the Companies Act.

5. **Quick decision and prompt actions:** In view of the autonomy, the government company take decision quickly and ensure that the actions and initiated promptly.

6. **Private participation facilitated:** Government company is the only from providing scope for private participation in the ownership. The facilities to take the best, necessary to conduct the affairs of business, from the private sector and also from the public sector.

Disadvantages:

1. **Continued political and government interference:** Government seldom leaves the government company to function on its own. Government is the major shareholder and it dictates its decisions to the Board. The Board of Directors gets these approved in the general body. There were a number of cases where the operational polices were influenced by the whims and fancies of the civil servants and the ministers.

2. **Higher degree of government control:** The degree of government control is so high that the government company is reduced to mere adjuncts to the ministry and is, in majority of the cases, not treated better than the subordinate organization or offices of the government.

3. Lack of flexibility: The govt companies have to follow the policies & rules framed by the legislative/ parliament & most of the rules are rigid.

****** END******

4. lack of autonomy: Govt companies though autonomus bodies, but can not take any decision without taking the permission from govt.

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5. Delay in decision: The govt companies have to depend upon the govt for deciding policy matters, resulting in delaying the decisions.

Cooperative Societies

The industrial revolution created several imbalances n the society. The imbalances are long hours of work, ower wages, higher prices & bad service conditions.

As a part of the cooperative movement, coopo cooperative societies were organised for formers, traders onsumers and others.

The cooperative society act 1912 provide a legal asis for the formation of cooperative credit societies villages and in urban areas for granting loans to their espective member.

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In the words of international labour orgn (ILO), a ooperative society is "an association of persons usually f limitted means who have voluntarily joined together o achieve a common economic end, through the formation f a democratically controlled business orgn, make equitable ontribution to be capital required and accepting a fair hare of the risks and benefits of the undertaking".

atures

It is a voluntary association

people join the society on their own. They have a ommon interest of improving their economic status through oint efforts.

separate legal entity

The society is to be registered under the cooperative societies Act. It has separate legal existence.

(3) compulsory registration

Every cooperative society has to be registered un the cooperative societies act.

(4) Membership

Membership is open, it is available to all irrespe of their background in terms of caste, religion, political e

(5) one member one vote

Irrespective of the number of shares held, each mem is given only one vote. All members are equal here.

(6) service objective

The main objective of the members is not to make profit but to improve their own economic well-being

(7) Non-transferability of shares.

share in cooperative can't be transfered.

Advantages

(1) voluntary organisation

A cooperative society is viewed as a synthesis o personal liberty and social justice. people join a society to improve their economic conditions.

(2) equal voting right

one man one vote principal prevents domination a few members.

(3) Economic justice

profits are distributed among the members on the basis of their individual contribution to the profits of the soci

Limited liability ①

The members of the society have limited liability by the face value of the share.

Each for all and all for each

This is the main slogan of the cooperation movement. All will be helpful for one and one is helpful for all.

Govt support

The govt extends all support to the cooperative societies in terms of loans at low rate of interest and taxes, subsidiy, providing tool kit etc..

Taxation

There are special rates of taxation applicable to cooperative societies. They are relatively low.

Disadvantages

shortage of funds

There is restricted reward on the capital providing to the society. Therefore finding necessary resources may be a constant problem.

inefficient mgt

The executive committee members may not observe the principles of business and with the result the society may collaps

Many legal formalities

The society is registered under the societies Act. the formation, administration, conducting meetings, and so on are subject to the procedure laid in the Act. these are time consuming.

(4) shifting loyalties among members

Sometimes, the members of one society shift to another to get higher benefits.

(5) Recurring losses

Due to inefficient handling of affairs, the soci[ety] continue to get losses. This leads to loss of interest and faith in the system.

Joint Hindu family business

It is a form of business, which is found only [in] india, and wherein the business is owned and carried [on] by the members of the Hindu undivided family. It [is] governed by the Hindu law.

The basis of membership in the business is bir[th] and three successive generations can be members of [the] business.

"karta" is the eldest member of the family, w[ho] is also the head of the business. The entire business is controlled by the karta, and his decision are bindi[ng] on all the members.

The Hindu undivided family business consists of two systems under the Hindu law;

(1) Dayabhaga system (2) Mitakshara system.

Advantages

1) Ease in formation

It is fairly simple to establish a joint Hindu family business. No legal requirements, such as registration are necessary. It does not demand agreement.

Effective control

The karta has complete authority over all decisions, which avoids conflicts among the members as there is no interference from anybody. It also leads to quick decision making.

Limited liability

The liability of all the co-parceners members is limited to the extent of share in the family property.

Continued business

after the death of karta, since the next eldest member will ~~never~~ enter into the role of karta.

More commitment

Since the business is controlled by family members, there is a strong loyalty among them.

Minor member

Minor can also be members of the business as membership in the business arises by the virtue of birth.

The departmental undertaking does not have a budget of its own. As and when it wants, it draws money from the government exchequer and when it has surplus money, it deposits it in the government exchequer. However, it is subject to budget, accounting and audit controls.

Examples for departmental undertakings are Railways, Department of Posts, All India Radio, Door darshan, Defense undertakings like DRDL, DLRL, ordinance factories, and such.
Defence research & Development Laboratory
Defence electronics research Laboratory

Features

1. Under the control of a government department: The departmental undertaking is not an independent organization. It has no separate existence. It is designed to work under close control of a government department. It is subject to direct ministerial control.

2. More financial freedom: The departmental undertaking can draw funds from government account as per the needs and deposit back when convenient.

3. Like any other government department: The departmental undertaking is almost similar to any other government department

4. Budget, accounting and audit controls: The departmental undertaking has to follow guidelines (as applicable to the other government departments) underlying the budget preparation, maintenance of accounts, and getting the accounts audited internally and by external auditors.

5. More a government organization, less a business organization. The setup of a departmental undertaking is more rigid, less flexible, slow in responding to market needs.

Advantages

1. Effective control: Control is likely to be effective because it is directly under the Ministry.

2. Responsible Executives: Normally the administration is entrusted to a senior civil servant. The administration will be organized and effective.

3. Less scope for mystification of funds: Departmental undertaking does not draw any money more than is needed, that too subject to ministerial sanction and other controls. So chances for mis-utilization are low.

4. Adds to Government revenue: The revenue of the government is on the rise when the revenue of the departmental undertaking is deposited in the government account.

Disadvantages

1. Decisions delayed: Control is centralized. This results in lower degree of flexibility. Officials in the lower levels cannot take initiative. Decisions cannot be fast and actions cannot be prompt.

③ persuade others

even though the idea of entrepreneurship is initiated by individual person, it requires team effort to convert an idea into ~~a~~ reality. Entrepreneur is required to convince skilled employees to work on business plan, make investors and marketers understand credibility of business to enhance status and goodwill of company in business mkt.

④ Gather resources:

next step towards entrepreneurship requires gathering of required resources to start business. Resources includes.

a) finance Resources

It refers to getting required capital through financial institutions, raising capital through general public by issue of shares, raising required finance through other resources such as self investment, finance through family and friends.

b) operating resources

Refers to tangible and intangible resources which includes machinery, raw material, company image, operating procedure, transportation etc.

Entrepreneurial process

identify an opportunity
↓
establish vision
↓
persuade others
↓
Gather Resources
↓
Create new venture, product / mkt
↓
change / adapt with time.

① Identify an opportunity

is an first step towards setting up an enterprise. Entrepreneur before identification of an opportunity should do proper mkt analysis about mkt situation, economic conditions and understand taste & preference of customers.

2) establish vision

is second step towards Establishing an enterprise. In the process entrepreneur is required to establish long term vision and accordingly plan in mission which will serve as roadmap to achieve company vision. objectives established by entrepreneur should be flexible in nature to adjust according to changing situation.

(2) Risk Taking

entrepreneurs are risk takers ready to dive deep into a future of uncertainity. But not all risk takers are ~~not~~ succesful Entr.

(3) Mental ability 9842133029

Mental ability consists of intelligence and creative thinking.

Creative thinking must be able to engage in the analysis of various pblms.

(4) clear objective

~~An~~ He should have a clear objective as to the exact nature of the business

A succesful entrepreneur may have the objective to establish the product, to make profit or to render social services.

(5) Business secrecy

He must be able to guard business secrets. Leakage of business secrets trade competitions is a serious matter. he should be able to make a proper selection of his assistants.

(6) Human relation ability

The succes of any entrepreneur are emotional stability, personal relations.

He must have good relationship with his customers Employees, partners, suppliers, Creditors

* assign responsibilities and delegate authority
* supervise, train, motivate employees.
* evaluate each employee performance.

⑧ Managing market
* collect and analys regularly data on consumer desires, quality, pricing, after sales services.
* involving marketing strategy and techniques.
* Take corrective steps in advertising, publicity and other promotional schemes.
* Motivate sales & servicing personnel and closely study their mkt assessment.

Qualities of Enterpreneur

James J. Berne has stressed the following Qualities of a good entrepreneur.

① He is an enterprising individual, is energetic hard working, resourceful, aware of new opportunities and able to adjust himself to changing conditions and ease and willing to assume risk involved in change.

② He is interested in advancing technologically and in improving the quality of his product or service.

functions of Entrepreneurs

① understanding own capability
② Identifying new venture opportunity
③ planning a new venture
④ organising and setting up a new venture
⑤ Managing finance
⑥ Managing production operation
⑦ Managing work force
⑧ Managing Market

① understanding own capability

* Examine dominant aspects of the business environment that influence survival and growth of an enterprise.
* Identify and compare own personal qualities and skills.
* know own strengths, weaknesses and the overall capability to translate a creative idea into a business reality.

② Identifying new venture opportunity

* study market needs and wants for a change.
* Recognize innovation posibilities.
* think about new idea.

4. What are the key functions performed by an entrepreneur? explain?

Entrepreneur :-

An Entrepreneur is a person who buys factor services at certain prices with a view to selling its products at uncertain prices

- Contilon

A person who Introduces Innovation changes is an entrepreneur.

- Joseph A Schumpeter.

Entrepreneur is one who assumes the responsibility to the risk & mgmt of business

- webstes.

An Entrepreneur is the person who promotes Ideas into business.

- Arthur Decing

Function of entrepreneur:-

There are majorly Eight functions performed by an entrepreneur. They are:

1. Understanding one's own capability :

→ Examin dominant aspects of the business environment that influence servival the growth of an enterprise.

→ Identify and compare own personal qualities and skills, those particularly essential to entrepreneurial sucess.

→ Known own strengths, weakness and the overall capability to translate a creative Idea into a business reality.

you have no power, no privilleges, no opportunities. The usual political agendra to reduce the problem focuses on income gap, not an wealth gap.

5. Balanced Regional Development :-

Entrepreneur generate employement both directly and Indirectly by storing their business they present an continuity to others for work by offering Jobs.

6) Improvement In Standards of living :-

Entrepreneur step up Industry which introduce new products on a mass scale. They are at lower costs and this helps to improve the standard of life of a common man.

7. National self - reliance :

self reliance is a quality of depending on your self for things instead of relying on Others. You might decide to prove your self reliance by hiking the appalachion train on your own. when people have self-reliance, they are independent and automous in other words. they, take care of themseleves.

8. Resource Mobilization :

Resource mobilization can also be called as the process of getting resource from resource provider, using different mechanisms, to implement the organisations work for achieving the pre-determinds organisational goals. It deals in acquring the needed resources in a timely cost effective manner.

9. Backward and forward linkages :

An Entrepreneur Intiates change which has a chain reaction. Setting up of an entreprise has several backward and forward linkages. for example - the establishment of a Steel plant generates the several anacillary units and expands the demand for iron ore, coal, etc.

10. sense of purposes :

An entrepreneur must have a clear vision of the future and use that vision to build something entirely new bringing the rest or the world one step closer to the reality they want to create. The vision must inspire others giving meaning not only to the entrepreneur him or herself but also those who follow them.

Process of entrepreneurship Development : (23)

Clear view of the objective of the program

Before you get into training the prospective entrepreneurs, it is very important to have a clear objective and plan in mind about what the program is going to encompass.

without a propor plan and direction, the traning would not yeild the desired results. this would lead to a loss of times money, effort and most of all, valuable potential.

Selecting the potential Targets :

It is important to select the potential targets who are willing to enhance their skills and who can be Identified as the people who have some amount of business acumen. these can be further divided into two categories - the educated target audience
the uneducated target audience.

the Educated target Audience :-

Educated audience refers to the target people who have a decent educational background and want to be decent educational background and want to be entrepreneurs. these people have the motivation to put their education to use by starting a venture and working for themselves.

the uneducated target Audience :-

Uneducated audience refers to the people who are not as privileged as others in terms of education about the market and have the potential to become Entrepreneurs. these people are constantly looking for alternative ways to earn money and support ~~for~~ their families.

Identifying local talents and markets.

the process of entrepreneurship development program can be seen as most effective and efficient ..en it is applied in the local markets and on the ..d entrepreneurs who know about it. these people

1. write historical account of the development of the concept of Entrepreneurship ?

An Entrepreneurism is a person who undertakes a venture with some profit potential and involving a considerable amount of risk and therefore, entre-preneurship is the venture undertaken by the entre-preneur. The most obvious example of entrepreneur-ship is the starting of a new business.

Process of Entrepreneurship Development

In a very general sense, development refers to enhancing an existing potential or asset through the process of learning and application. It is a process of evolving one's skill in a systematic manner. there-fore, same goes for the process of entrepreneurship development. But Before we dive headfirst into the process of entrepreneurship development, let us first shed some light upon what the term entrepreneurship development entails.

Basically, entrepreneurship development is basically the process of improving the skill set as well as the knowledge of the entrepreneurs. this can be done through various methods such as class room sessions or trainning programes specially designed to increase the entrepreneurial acumen.

The process of entrepreneurship deve-lopment is nothing but helping the entrepreneurs develop their skills through tranning and application of that tranning. It Instills in them the quality of making better decisions in the day to day business activities

Now that we understand the meaning of entrepreneurship development, let's discuss the process of entrepreneurship development.