

Chapter-1

Entrepreneurship

Concept/Meaning

Entrepreneurs are those individuals who start their own business for profit generation. The capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Example: - Bill Gates, founder of Microsoft.

Mark Zuckerberg, founder of Facebook.

Need of entrepreneurship

1. Development of managerial capabilities:

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing the managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.

2. Creation of organizations:

Entrepreneurship results in the creation of organizations when entrepreneurs assemble and coordinate physical, human, and financial resources and direct them towards the achievement of objectives through managerial skills.

3. Improving standards of living:

By creating productive organizations, entrepreneurship helps in making a wide variety of goods and services available to society which results into higher standards of living for the people.

4. Means of economic development:

Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country.

Competencies/Qualities of Entrepreneur

1. Innovation:

An entrepreneur is basically an innovator who tries to develop new technology, products, markets, etc. Innovation may involve doing new things or doing existing things differently. An entrepreneur uses his creative faculties to do new things and exploit opportunities in the market. He does not believe in status quo and is always in search of change.

2. Assumption of Risk:

An entrepreneur, by definition, is risk taker and not risk shirker. He is always prepared for assuming losses that may arise on account of new ideas and projects undertaken by him. This willingness to take risks allows an entrepreneur to take initiatives in doing new things and marching ahead in his efforts.

3. Research:

An entrepreneur is a practical dreamer and does a lot of ground-work before taking a leap in his ventures. In other words, an entrepreneur finalizes an idea only after considering a variety of options, analysing their strengths and weaknesses by applying analytical techniques, testing

their applicability, supplementing them with empirical findings, and then choosing the best alternative. It is then that he applies his ideas in practice. The selection of an idea, thus, involves the application of research methodology by an entrepreneur.

4. Development of Management Skills:

The work of an entrepreneur involves the use of managerial skills which he develops while planning, organizing, staffing, directing, controlling and coordinating the activities of business. His managerial skills get further strengthened when he engages himself in establishing equilibrium between his organization and its environment.

However, when the size of business grows considerably, an entrepreneur can employ professional managers for the effective management of business operations.

5. Overcoming Resistance to Change:

New innovations are generally opposed by people because it makes them change their existing behaviour patterns. An entrepreneur always first tries new ideas at his level.

It is only after the successful implementation of these ideas that an entrepreneur makes these ideas available to others for their benefit. In this manner, an entrepreneur paves the way for the acceptance of his ideas by others. This is a reflection of his will power, enthusiasm and energy which helps him in overcoming the society's resistance to change.

6. Catalyst of Economic Development:

An entrepreneur plays an important role in accelerating the pace of economic development of a country by discovering new uses of available resources and maximizing their utilization.

Chapter-2

Entrepreneurial Support System

DIC

District Industries Centres (DICs) have emerged since 1978 as the model agency for development of small and village industries. It provides all the support services needed for development of SSI in the country.

The DICs were established with a view to provide integrated administrative framework at the district level with professionally qualified personnel in technology, marketing, credit, economic investigation, raw materials, so that DICs would be the 'single window' raw materials, through which all type of assistance would be channelled to the small-scale sector.

They are virtually acting as per the plans and programmes of both central as well as state government for the implementation of various promotional measures from grass root level to develop SSI in the country.

The DIC is an integrated institution at the district level which provides all type of services and facilities to the entrepreneurs. The entrepreneurs can get assistance from DIC for setting up and running an industry.

Functions of DIC

1. Identification of entrepreneurs
2. Provisional registration
3. Permanent registration
4. Purchases of fixed assets
5. Clearances from various departments
6. Assistance to Village Artisans and Handicrafts
7. Incentives and subsidies
8. Interest free sales tax loan
9. Assistance of import and export
10. Fairs and exhibitions
11. Training programmes:
12. Self-employment for unemployed educated youth

Commercial Banks

Commercial Banks play an important role in the growth and development of economy in general and enterprise sector in particular. Commercial Bank in India comprises the State Bank of India (SBI) and its subsidiaries, nationalized banks, foreign banks and other scheduled commercial banks, regional rural banks and non-scheduled commercial banks. The total numbers of branches of commercial banks are more than 50,000 and the regional rural banks are approximately 8,000 covering 280 districts in the country. Commercial banks mostly provide short term loans and in some cases medium term financial assistance also to small scale units. According to the Data compiled by RBI, of all the advances given to small scale industries by the commercial banks, the share of ' term loan' is nearly 30%.

Most of the commercial banks have got specialized units in their administrative structure to take care of the financial needs of the small scale industrial units. The fixed capital needs or the long and medium term needs of the small scale industrial units are presently being taken care of by the banks under their integrated scheme of credit for the small entrepreneurs. New units apart from the existing units are also eligible to avail of the advances financed to meet their medium and long-term credit needs for replacement of machinery, addition of the machinery, modernisation etc. The rate of interest charged normally from the small scale industrial units is between 12% and 15% against 18 % from the large-scale units.

The role of a commercial bank in a developing country is discussed as under:

1. Mobilising Saving for Capital Formation:

The commercial banks help in mobilising savings through network of branch banking. People in developing countries have low incomes but the banks induce them to save by introducing variety of deposit schemes to suit the needs of individual depositors. They also mobilise idle savings of the few rich. By mobilising savings, the banks channelize them into productive investments. Thus they help in the capital formation of a developing country.

2. Financing Industry:

The commercial banks finance the industrial sector in a number of ways. They provide short-term, medium-term and long-term loans to industry. In India they provide short-term loans. Income of the Latin American countries like Guatemala, they advance medium-term loans for one to three years. But in Korea, the commercial banks also advance long-term loans to industry.

In India, the commercial banks undertake short-term and medium-term financing of small scale industries, and also provide hire- purchase finance. Besides, they underwrite the shares and debentures of large scale industries. Thus they not only provide finance for industry but also help in developing the capital market which is undeveloped in such countries.

3. Financing Trade:

The commercial banks help in financing both internal and external trade. The banks provide loans to retailers and wholesalers to stock goods in which they deal. They also help in the movement of goods from one place to another by providing all types of facilities such as discounting and accepting bills of exchange, providing overdraft facilities, issuing drafts, etc. Moreover, they finance both exports and imports of developing countries by providing foreign exchange facilities to importers and exporters of goods.

4. Financing Agriculture:

The commercial banks help the large agricultural sector in developing countries in a number of ways. They provide loans to traders in agricultural commodities. They open a network of branches in rural areas to provide agricultural credit. They provide finance directly to agriculturists for the marketing of their produce, for the modernisation and mechanisation of their farms, for providing irrigation facilities, for developing land, etc.

5. Financing Consumer Activities:

People in underdeveloped countries being poor and having low incomes do not possess sufficient financial resources to buy durable consumer goods. The commercial banks advance loans to consumers for the purchase of such items as houses, scooters, fans, refrigerators, etc. In this way, they also help in raising the standard of living of the people in developing countries by providing loans for consumptive activities.

6. Financing Employment Generating Activities:

The commercial banks finance employment generating activities in developing countries. They provide loans for the education of young person's studying in engineering, medical and other vocational institutes of higher learning. They advance loans to young entrepreneurs, medical and engineering graduates, and other technically trained persons in establishing their own business. Such loan facilities are being provided by a number of commercial banks in India. Thus the banks not only help in human capital formation but also in increasing entrepreneurial activities in developing countries.

7. Help in Monetary Policy:

The commercial banks help the economic development of a country by faithfully following the monetary policy of the central bank. In fact, the central bank depends upon the commercial banks for the success of its policy of monetary management in keeping with requirements of a developing economy.

#State Financial Corporation

The State Finance Corporations (SFCs) are the integral part of institutional finance structure in the country. SEC promotes small and medium industries of the states. Besides, SFCs are helpful in ensuring balanced regional development, higher investment, more employment generation and broad ownership of industries.

At present there are 18 state finance corporations (out of which 17 SFCs were established under SFC Act 1951). Tamil Nadu Industrial Investment Corporation Ltd. established under Company Act, 1949, is also working as state finance corporation.

Organisation and Management:

The State Finance Corporations management is vested in a Board of ten directors. The State Government appoints the managing director generally in consultation with the Reserve Bank and nominates three other directors.

The insurance companies, scheduled banks, investment trusts, co-operative banks and other financial institutions elect three directors. Thus the majority of the directors are nominated by the government and quasi-government institutions.

Functions:

(I) The SFCs grant loans mainly for acquisition of fixed assets like land, building, plant and machinery.

(ii) The SFCs provide financial assistance to industrial units whose paid-up capital and reserves do not exceed Rs. 3 crore (or such higher limit up to Rs. 30 crore as may be specified by the central government).

(iii) The SFCs underwrite new stocks, shares, debentures etc., of industrial concerns.

(iv) The SFCs provide guarantee loans raised in the capital market by scheduled banks, industrial concerns, and state co-operative banks to be repayable within 20 years.

Working of SFCs:

The government of India passed the State Financial Corporation Act in 1951 and made it applicable to all the States. The authorized capital of a State Financial Corporation is fixed by the State government within the minimum and maximum limits of Rs. 50 lakh and Rs. 5 crores and is divided into shares of equal value which were taken by the respective State Governments, the Reserve Bank of India, scheduled banks, co-operative banks, other financial institutions such as insurance companies, investment trusts, and private parties.

The shares are guaranteed by the State Government. The SFCs can augment its fund through the issue and sale of bonds and debentures, which should not exceed five times the capital and reserves at Rs. 10 Lakh.

#Small industries Service institutes

At the heart of all agencies dealing with the development of the small industries is small industries development organization, SIDO. It was originally known as a central small industries Organization (CSIO). Attached to the ministry, SIDO administers small industries service institutes (SISI's).

The small industries service institutes (SISI's) are set up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are co-ordinated by the industrial management training division of the DC, SSI office (New Delhi). In all, there are 28 SISI's and 30 Branch SISI's set up in state capitals and other places all over the country.

SISI has a wide spectrum of technological, management, and administrative tasks to perform.

Functions of SISI:

1. To assist existing and prospective entrepreneurs through technical and managerial counselling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance, etc;
2. Conducting EDPs all over the country;
3. To advise the Central and State governments on policy matters relating to small industry development;
4. To assist in the testing of raw materials and products of SSIs, their inspection and quality control;
5. To provide market information to the SISI's;
6. To recommend SSI's for financial assistance from financial institutions;
7. To enlist entrepreneurs for partition in Government stores purchase program;
8. Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.
9. Identify the potential for ancillary development through sub-contract exchanges;
10. Organize seminars, Workshops, and Industries Clinics for the benefit of entrepreneurs.

#Small industries development bank of India (SIDBI)

To ensure the larger flow of financial and non-financial assistance to the small-scale sector, the Government of India set up the Small Industries Development Bank of India (SIDBI) under a special Act of the Parliament in October 1989 as a wholly-owned subsidiary of the IDBI. The bank commenced its operations on April 2, 1990, with its head office in Lucknow. The SIDBI has taken over the outstanding portfolio of the IDBI relating to the small-scale sector.

The important functions performed by SIDBI include:

1. To initiate steps for technological up-gradation and modernization of existing units.
2. To expand the channels for marketing the products of the SSI sector in domestic and international markets.

3. To promote employment-oriented industries especially in semi-urban areas to create more employment opportunities and thereby check migration of people to urban areas.

The SIDBI's financial assistance to small-scale industries is channelized through the existing credit delivery system comprising State Financial Corporation, State Industrial Development Corporations, Commercial Banks, and Regional Rural Banks.

The SIDBI introduced two new schemes during 1992-93; an equipment finance scheme for providing direct finance to existing well-run small-scale units taking up technology up-gradation, modernization, and refinance for resettlement of voluntarily retired workers of the National Textile Corporation (NTC).

The other new scheme launched was a venture capital fund exclusively for small-scale units, with an initial corpus of Rs. 10 crores. It enrolled itself as an institutional member of the OTC Exchange of India (OTCEI). SIDBI also provides financial support to National Small Industrial Corporation (NSIC) for providing leasing, hire-purchase, and marketing support to the industrial units in the small sector.

Over the years assistance sanctioned to backward areas amounts to Rs. 657 crore accounting for 18% of the total sanctions. Disbursements to backward areas amount to Rs. 486 crore accounting for 17.8% of the total assistance disbursed.

The share of the SSIs in refinancing is 82.3%, distantly followed by small road transport operators (SRTOs). New projects account for 67.9% of the total assistance sanctioned, distantly followed by expansion /diversification (11.6%), modernization (6.2%), and the rest goes to supplementary services for various purposes.

#National bank of agriculture and rural development (NABARD)

National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India, headquartered in Mumbai with branches all over India. The Bank has been entrusted with "matters concerning policy, planning, and operations in the field of credit for agriculture and other economic activities in rural areas in India". NABARD is active in developing financial inclusion policy and is a member of the Alliance for Financial Inclusion.

NABARD has been instrumental in grounding rural, social innovations and social enterprises in the rural hinterlands. It has in the process partnered with about 4000 partner organizations in grounding many of the interventions be it, SHG-Bank Linkage program, tree-based tribal communities' livelihoods initiative, watershed approach in soil and water conservation, increasing crop productivity initiatives through lead crop initiative or dissemination of information flow to agrarian communities through Farmer clubs. Despite all this, it pays huge taxes too, to the exchequer – figuring in the top 50 taxpayers consistently. NABARD virtually plods back all the profits for development spending, in their unending search for solutions and answers. Thus, the organization had developed a huge amount of trust capital in its 3 decades of work with rural communities.

1. NABARD is the most important institution in the country which looks after the development of the cottage industry, small-scale industry and village industry, and other rural industries.

2. NABARD also reaches out to allied economies and supports and promotes integrated development.

3. NABARD discharges its duty by undertaking the following roles:

1. Serves as an apex financing agency for the institutions providing investment and production credit for promoting the various developmental activities in rural areas

2. Takes measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.
3. Co-ordinates the rural financing activities of all institutions engaged in developmental work at the field level and maintains liaison with the Government of India, state governments, Reserve Bank of India (RBI), and other national-level institutions concerned with policy formulation
4. Undertakes monitoring and evaluation of projects refinanced by it.
5. NABARD refinances the financial institutions which finance the rural sector.
6. NABARD partakes in the development of institutions that help the rural economy.
7. NABARD also keeps a check on its client institutes.
8. It regulates the institutions which provide financial help to the rural economy.
9. It provides training facilities to the institutions working in the field of rural upliftment.
10. It regulates the cooperative banks and the RRB's, and manages talent acquisition through IBPS CWE.

NABARD's refinance is available to state co-operative agriculture and rural development banks (SCARDBs), state co-operative banks (SCBs), regional rural banks (RRBs), commercial banks (CBS), and other financial institutions approved by RBI. While the ultimate beneficiaries of investment credit can be individuals, partnership concerns, companies, State-owned corporations or co-operative societies, production credit is generally given to individuals. NABARD has its head office at Mumbai, India.

NABARD Regional Office[RO] has a Chief General Manager [CGMs] as its head, and the Head office has several top executives viz. the Executive Directors[ED], Managing Directors[MD], and the Chairperson. It has 336 District Offices across the country, one special cell at Srinagar. It also has 6 training establishments.

NABARD is also known for its 'SHG Bank Linkage Programme' which encourages India's banks to lend to self-help groups (SHGs). Largely because SHGs are composed mainly of poor women, this has evolved into an important Indian tool for microfinance. By March 2006, 22 lakh SHGs representing 3.3 core members had to be linked to credit through this programme.

NABARD also has a portfolio of Natural Resource Management Programmes involving diverse fields like Watershed Development, Tribal Development and Farm Innovation through dedicated funds set up for the purpose.

#National Small industries corporation (NSIC)

The National Small Industries Corporation Ltd. (NSIC), an ISO 9000 certified company, since its establishment in 1955, has been working to fulfil its mission of promoting, aiding and fostering the growth of small-scale industries and industry related small-scale services/businesses in the country.

Over a period of six decades of transition, growth and development, the NSIC has proved its strength within the country and abroad by promoting modernization, up gradation of technology, quality consciousness, strengthening linkages with large and medium enterprises and enhancing export projects and products from small-scale enterprises.

At present, the NSIC operates through 6 Zonal Offices, 26 Branch Offices, 15 Sub-offices, 5 Technical Services Centres, 3 Extension Centres and 2 Software Technology Parks supported by

a team of over 5000 professionals spread across the country. To manage operations in Gulf and African countries, the NSIC operates from its offices in Dubai and Johannesburg.

Functions of NSIC:

NSIC provides a wide range of services, predominantly promotional in character, to small-scale industries.

Its main functions are to:

- a. Provide machinery on hire-purchase scheme to small-scale industries.
- b. Provide equipment leasing facility.
- c. Help in export marketing of the products of small-scale industries.
- d. Participate in bulk purchase programme of the Government.
- e. Develop prototype of machines and equipment's to pass on to small-scale industries for commercial production.
- f. Distribute basic raw material among small-scale industries through raw material depots.
- g. Help in development and up-gradation of technology and implementation of modernization programmes of small-scale industries.
- h. Impart training in various industrial trades.
- I. Set up small-scale industries in other developing countries on turn-key basis.
- j. Undertake the construction of industrial estates.

NSIC carries forward its mission to assist small enterprises with a set of specially tailored schemes designed to put them in competitive and advantageous position. The schemes comprise of facilitating marketing support, credit support, technology support, and other support services.

Chapter-3

Market survey and opportunity identification (Business Planning)

HOW TO START A SMALL-SCALE INDUSTRY

Steps to Start a Small Scale Industry:

1. **PRODUCT IDENTIFICATION:** PRODUCT IDENTIFICATION The overriding reason for anyone to think of establishing a SSI unit can be summarised in one word - OPPORTUNITY. If one can see an opportunity to provide a product or service in a manner to generate sufficient surplus, then one way is to start up a SSI unit. This is the first step towards setting up an industry and is called...
2. **FORM OF OWNERSHIP:** FORM OF OWNERSHIP SOLE PROPRIETORSHIP FAMILY OWNERSHIP PARTNERSHIP: -This is the entrepreneur's personal decision.
3. **Location of unit:** Location of unit PROXIMITY TO SOURCE OF RAW MATERIALS NEARNESS TO THE MARKET GENERAL BUSINESS CLIMATE OF THE REGION CLIMATE AND ENVIRONMENTAL FACTORS
4. **APPROVALS :** But if a small-scale unit employs less than 100 workers with/without power then it would not require a license from the Govt. of India even for the 6 product groups covered in licensing under Schedule II of the notification
5. **CLEARANCES:** An entrepreneur has to obtain several clearances or permissions depending upon the nature of his unit and products manufactured
6. **Arrangement of finance:** fixed capital: the finance required for setting up infrastructure like land, buildings, machinery etc., this can be generated by... partnership bank loans.
7. **Starting production:** After the basic trial runs, commercial production has to begin with proper quality checks in place.
8. **Marketing the product:** This is the last but the most important step in realizing the business ambition. No business is complete without selling the products and ensuring that the revenues flow into the organisation. Marketing is the prime way to enhance the business and the best way to survive in this competitive world.

PROCEDURES FOR REGISTRATION OF SMALL SCALE INDUSTRY

Registration of Small Scale, Village and Cottage industries are done under two stages, viz-

1. **Provisional Registration:** Provisional registration is granted to a unit at its pre-investment period to enable it to take necessary steps to apply for financial credit, land or an industrial set, water, power or telephone connections, etc.
2. **Permanent / Final Registration:** A provisionally registered industrial unit when it is about to go into production is to apply for grant of Permanent / Final Registration. An existing and functioning industrial unit is eligible to apply for Permanent / Final Registration without going into provisional registration processes.

There are three slabs which are prescribed under MSME Act to define an enterprise:

No.	Type of Enterprise	Manufacturing Enterprises (Investment in Plant and Machinery)	Service Industry (Investment in equipment)
1.	Micro	Does not exceed Rs. 25 Lakh	Does not exceed Rs. 10 Lakh
2.	Small	Exceeds Rs. 25 Lakh but does not exceed Rs. 5 Crore	Exceeds Rs. 25 Lakh but does not exceed Rs. 5 Crore
3.	Medium	Exceeds Rs. 5 Crore but does not exceed Rs. 10 Crore	Exceeds Rs. 2 Crore but does not exceed Rs. 5 Crore

The registration for a medium enterprise which is engaged in manufacturing is necessary to be registered for other enterprises registration is optional.

PROCEDURE FOR REGISTRATION

Eligibility

All Micro & Small Enterprises which are registered with the Director of Industries (DI)/District Industries Centre (DIC) as manufacturing/service enterprises or having Acknowledgement of Entrepreneurs Memorandum (EM Part-II) are eligible for registration with NSIC under its Single Point Registration Scheme (SPRS).

Micro & Small Enterprises who have already commenced their commercial production but not completed one year of existence. The Provisional Registration Certificate can be issued to such Micro & Small Enterprises under Single Point Registration scheme with monitory limit, minimum amount of money to be invested, of Rs. 5 Lacs which shall be valid for the period of one year only from the date of issue after levying the registration fee and obtaining the requisite documents.

How to apply:

Micro and Small enterprises could be applied through online application that is provided by the prescribed state website(State website's of thou are applying for registration) respective state in which or by submitting the application form in duplicate which is to be submitted the concerned Zonal/Branch Office of NSIC located nearest to the unit.

Procedure:

Step 1: Provisional Small Scale Industry (SSI) Registration

To obtain SSI registration you must apply for provisional SSI registration certificate. This certificate is given when the unit is in pre-operative stage and helps SSI unit obtain term loans and working capital. This license is given for five years.

One could apply for this certificate online through the state website or by applying in the concerned zonal department.

Important Documents for Provisional SSI registration:

- Three passport size photographs of proprietors/partners/directors, as the case may be.
- Photocopy of the partnership deed in case of a partnership unit. It is not necessary that the partnership should be registered under the partnership Act.

- Proof of legal possession i.e. rent receipt, NOC from the landlord with proof of ownership, the power load authorized by the connection holder to the applicant

Step 2: Start the Business

The next step towards having a permanent license is to start the business with SSI certificate. The owner should start the production in the factory so that permanent license could be given.

Step 3: Apply for Permanent SSI registration

After you have started the business you should apply for permanent SSI registration. This could be done by applying online through state website or through the Zonal office or district office of the department.

➤ List of items reserved for exclusive manufacture in small scale industry

As on 10 October 2008, following items are reserved for exclusive manufacture by micro and small enterprise sector:

Food and Allied Industries: Pickles & Chutneys, Bread, Mustard Oil (except solvent extracted), Ground nut oil (except solvent extracted).

Wood and Wood Products: Wooden furniture and fixtures.

Paper Products: Exercise books and registers

Injection Molding Thermo Plastic Product: PVC Pipes, including conduits up to 110 mm die, Fittings for PVC pipes

Other Chemicals & Chemical Products: Wax candles, Laundry soap, Safety matches, Fireworks, Agarbatties

Glass & Ceramics: Glass Bangles

Mechanical Engg. Excluding Transport Equipment: Steel almirah, Rolling shutters, Steel chairs – all types, Steel tables – all other types, Steel furniture – all other types, Padlocks, Stainless steel utensils, Domestic utensils – Aluminum

3.3 ASSESSMENT OF DEMAND AND SUPPLY IN POTENTIAL AREAS OF GROWTH

To have the assessment of demand and to supply under mentioned steps are required to be taken which may help the entrepreneur to set up his own industry or to start his own business. In any industry the entrepreneur must have the knowledge of demand and supply. The steps are as follow:

1. To assess the demand the questionnaires are required to be prepared and brought to the notice of consumer by asking the questions like why, where, how, when, terms and by showing the comparative statement of the other manufacturers.
2. This demand can also be assessed by the entrepreneur by visiting various industries manufacturing the goods in the field of interest of the entrepreneur.
3. To go through the economic report available in the list of industries at Udyog Bhawan, New Delhi.

4. To assess the requirement of demand the entrepreneur must have the survey report of the various organizations dealing in the line of providing literatures and manuals which help the entrepreneur to set up his own industry. As the supply is concerned once the demand is known in the market as per the product life cycle. The items can be manufactured at the site of the industrialist. The demand and supply affects as per the 4 P's.

- (a) Product (b) Price
(c) Promotion (d) Place.

The graph of the product life cycle is shown in figure 3.2.

As per the marketing management, first of all to start any product its demand should be known in the market, then the price should be decided by going through various factor, then the promotion of the product should be launched in the market. Lastly the place the product is to be sold should be decided.

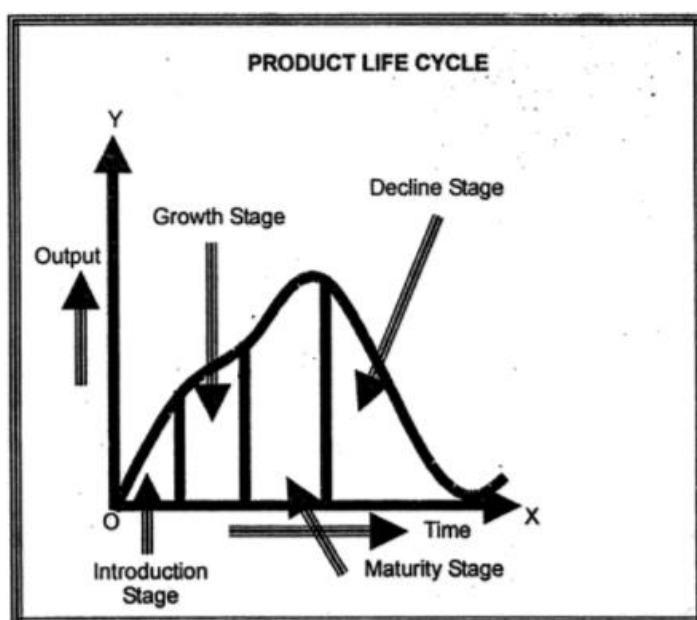


Fig. 3.2

There are various stages like introduction, growth, maturity and the decline. These stages occur in any kind of business to be started.

UNDERSTANDING BUSINESS OPPORTUNITY

A business opportunity is a proven concept that generates on-going income. In other words, a business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch.

While multiple business ideas may strike you on a daily basis, only few of them will be profitable in the long run based on market research and feasibility study conducted. These few are the real business opportunities. An opportunity is regarded as one after it has been found to meet the following criteria:

- It must have high gross margins.
- It must have the potential to reach break-even cash flow within 12 months – 36 months.

- The startup capital investments must be realistic and within the range of what you can provide.
- You must have the strength and ability needed to drive the business to success.
- Your level of enthusiasm for the business must be very high.
- It must have the potential for residual income.
- It must have the potential to keep on improving with time.
- It must have a low level of liability risk.

After you have refined and packaged your business opportunity in your mind, you can have it documented by writing a business plan. You can then either implement on your own or sell it to someone else for profit (probably because you cannot afford the capital required to flag off the business).

CONSIDERATIONS IN PRODUCT SELECTION

In selecting product for your business venture, the following factors must be taken into consideration:

Supply-gap: The size of the unsatisfied market demand which constitute a source of business opportunity will dictate, to a great extent the need to select a particular product. The product with the highest chances of success as reflected in its demand will be selected. In essence, there must be existing obvious demand for the selected product.

Fund: The size of the funds that can be mobilized is another important factor. Adequate fund is needed to develop, produce, promote, sell and distribute the product selected.

Availability of and Access to Raw Materials: Different products require different raw materials. The source quality and quantity of the raw materials needed are factors to be seriously considered, Are the raw materials available in sufficient quantities? Where are the sources of raw materials located? Are they accessible? Could they be sources locally or imported? Satisfactory answers should be provided to these and many other relevant questions.

Technical Implications: The production process for the product needs to be considered. There is need to know the technical implications of the selected product on the existing production line, available technology and even the labor force. The choice of a particular product may require either acquisition of the machineries or refurbishing of the old ones. The product itself must be technically satisfactory and acceptable to the user.

Profitability/Marketability: Most often, the product that has the highest profit potential is often selected. However, a product may be selected on the basis of its ability to utilize idle capacity or complement the sale of the existing products. The product must be marketable.

Availability of Qualified Personnel: Qualified personnel to handle the production and marketing of the product must be available. The cost of producing the product must be kept to the minimum by reducing wastages. This is achievable through competent hands.

Government Policies: This is quite often an uncontrollable factor. The focuses of government policies can significantly influence the selection of product. For instance, a package of incentives from government for a product with 100% local input contents can change the direction of the business's R & D and hence the product selected.

Government objectives: The contributions of the product to the realization of the company's short and long-range objectives must be considered before selection. For instance, the company

goal maybe the achievement of sale growth, sales stability or enhancement of the company's social value.

DATA COLLECTION FOR SETTING UP SMALL VENTURES

Defining a research objective

A clearly-defined market study will ensure focus to the specific question or problems requiring research. This avoids the possibility of developing a study with the wrong focus.

Choosing a research method

It is simple, there are two main methods to choose from; primary and secondary market research. Choosing to conduct secondary market research involves looking into published data that has come from previous independent studies. While this method provides an outline to a research topic, bear in mind previous studies may not be able to cover your exact research problem and would therefore require further investigation. When previous data sources are unable to answer the research objective, then conducting primary market research is a must. Essentially, it is the collection of first-hand data and comes in the form of two types: quantitative and qualitative. It worth noting the differences between the two. Quantitative market research is the collection of numerical data whereas qualitative market research provides reasoning for consumer actions, opinions, wants and needs.

Data collection

This next step in the process is essential when conducting primary market research. In many cases data collection, this consist of questionnaires or observational studies. It is important to note the quality of your data collection determines the quality of result and its usefulness.

Data analysis

Market researchers analyses the data and fully understand the relationship between findings, competitors and the market trends. These specialists also evaluate and draw conclusions based on the findings to aid entrepreneurs to make important commercial decisions.

Written report

This final step outlines all data recordings in a written and visual format. To illustrate the key points for each question or observation, market researchers will use statistical tests and calculations, to outline the most frequent or average responses. Understanding the market research process, will not only provide knowledge on how it all works, but also indicate how in-depth research offers you with invaluable intellectual data. In highly competitive markets, funding start-up business has become increasingly difficult, so by professionalizing your setting up approach and providing first-hand market research information this will no doubt help convince those all important financial partners to invest.

Chapter-4

Project Report Preparation

PRELIMINARY REPORT

The project preliminary report describes your progress so far. It should form the basis of your final report.

The preliminary report should include:

- **Problem:** A clear description of the problem you are addressing. This should be more refined and persuasive than the version in your original proposal.
- **Related work:** A good summary and analysis of the work relevant to your project. Everything you describe should be related directly to your project:
 - Why is it relevant? (Don't assume the reader can read your mind.)
 - If it attempts to solve a similar problem, why is it not a satisfactory solution?
 - What ideas in the other project can be applied to your project?

If there is related work you have not yet studied, list that in the related work section along with your plans for learning about it.

- **Proposed Solution:** Describe your idea for solving the problem. This need not yet be complete, but should include some specific ideas.
- **Research Plan:** Describe clearly exactly what you will do.
- **Evaluation Plan:** Describe how you will evaluate your work. This should include (possibly speculative) descriptions of specific sample programs you will use in your evaluation.
- **Schedule and Division of Labour:** Calendar showing specific milestones, when they will be accomplished, and how the team will split up the work.

There are no length constraints on the preliminary report, but you should aim to be as concise, clear and organized as possible. Since you are working in groups, the writing and presentation should be at a high quality. You should be able to reuse most of the preliminary report in your final report.

TECHNO ECONOMIC FEASIBILITY STUDIES

Introduction:

Objective of Techno-Economic Feasibility Studies/ Detailed Project Reports is to determine the technical feasibility and financial viability of the project, assess the risks associated with the project and enumerate imminent actions that are required to be taken. It helps a client get a detailed evaluation of a project.

Coverage:

Techno-Economic Feasibility Studies/ Detailed Project Reports cover the following based on the clients requirement:

- **Markets:** It covers estimated future sales revenue of the project based on estimated sales volumes and price.

- **Raw Materials & Fuel:** It estimates the adequacy of the quality and quantity of the raw materials and fuel for the project, make an estimate of its cost.
- **Plant Siting, Location & Infrastructure:** It assesses the existing infrastructure and actions required to develop the infrastructure necessary to set up the project.
- **Project Technical Concept:** This is core deliverable of the project and covers plant capacity, equipment sizing, storages, plant auxiliaries, system engineering, electrical engineering, civil engineering, Control & Automation engineering, Quality Control & Assurance, Captive Power Plant and Waste Heat recovery system (WHR) based on the project requirement.
- **Logistics:** Inbound and outbound logistics and logistics planning.
- **Environment:** Applicable Regulatory Framework and Environmental Impact of Project.
- **Implementation Planning.**
- **Human Resources:** Requirement and cost.
- **Investment Cost:** Fund requirement.
- **Operating Cost:** It covers cost of raw material, utilities, overheads, etc.
- **Financial Appraisal:** It covers project profitability, IRR, NPV, payback, etc.
- **Risks & Mitigation.**

Methodology:

Broad methodology of execution involves:

- Data collection
- Data analysis
- Report and Project formulation

Benefits:

It helps a client make an investment decision based on:

- Technical feasibility of the project.
- Financial viability of the project.
- The risks associated with the project.
- Actions required for risk mitigation.

PROJECT VIABILITY

Every small-business project has stated outcomes that need to be met in order for it to be “viable,” or prudent and profitable. For example, if you decide to launch a new marketing campaign, the project’s viability -- or it’s positive outcomes -- will be judged on whether the new business the campaign attracts will be worth the time and costs associated with designing and launching the campaign initially. Determining the viability of a project requires an evaluation of a number of different factors, and viability potential will differ from one small business to the next.

Cost

A project is not typically considered viable if its value exceeds its costs. Sometimes the cost viability of a project can change over the course of the project’s development or

implementation. For example, if you have a particular amount of money designated for a project, and it appears actual costs will exceed the budget, the project is likely to lose its viability. Many factors can impact costs, such as an increase in the cost of supplies or materials or the scope of the project.

Time

A project that is not on track from a deadline perspective can lose its viability. For example, if you have a project to design and print invitations for a grand opening event, if time delays result in the invitations going to print the day before the event, the project loses its viability.

Invitations issued after an event has taken place are worthless, and continuing to pursue their production wastes time and money. Likewise, delays that result in additional fees -- such as rushed late printing fees -- may also render a project non-viable.

Manpower

Losing key members of your staff can cause a project to lose its viability. For example, if you have a graphic designer on staff who is developing your new logo, and that person quits without notice, the project may lose its viability, because the manpower anticipated for the role no longer exists. The project has the potential to regain its viability if someone else can take over the task or it can be effectively outsourced to another party.

Quality

If the quality of a project is not attainable as anticipated, it can lose its viability. For example, if you own a small construction business and provide an estimate for building a custom home, that estimate is based largely on the current price of home-building materials. If the price goes up suddenly or the same quality of materials is no longer available, the project, as planned, loses its viability. It can regain its viability if materials of equal quality and similar price can be obtained.

Chapter-5

Business Organisation

SALIENT FEATURES OF SOLE PROPRIETORSHIP

1. Simple Form of Organisation:

Proprietorship is the simplest form of organisation. The entrepreneur can start his/her enterprise after obtaining license and permits. There is no need to go through the legal formalities. For starting a small enterprise, no formal registration is statutorily needed.

2. Owner's Freedom to Take Decisions:

The owner, i.e. the proprietor is free to make all decisions and reap all the fruits of his labour. There is no other person who can interfere or weigh him down.

3. High Secrecy:

Secrecy is another major advantage offered by proprietorship. This is because the whole business is handled by the proprietor himself and, as such, the business secrets are known to him only.

Added to it, the proprietor is not bound to reveal or publish his accounts. In present day business atmosphere, the less a competitor knows about one's business, better off one is. What the competitors can make is guesstimates only.

4. Tax Advantage:

As compared to other forms of ownership, the proprietorship form of ownership enjoys certain tax advantages. For example, a proprietor's income is taxed only once while corporate income is, at occasions taxed twice, say, double taxation.

5. Easy Dissolution:

In proprietorship business, the entrepreneur is all in all. As there are no co-owners or partners, therefore, there is no scope for the difference of opinion in the case the proprietor/entrepreneur-wants to dissolve the business. It is due to the easy formation and dissolution, proprietorship is often used to test the business ideas.

PRIVATE AND PUBLIC LIMITED COMPANIES

PRIVATE:-

A **private** limited company is a business entity that is held by private owners. This type of entity limits the owner's liability to their ownership stake, and restricts shareholders from publicly trading shares.

Members: You can start a private limited company with a minimum of only 2 members (and maximum of 200), as per the provisions of the Companies Act 2013.

Limited liability: The liability of each shareholder or member is limited. This means that if the company runs into a loss, the company shareholders are liable to sell their company shares to clear the debt or liability. The individual or personal assets of shareholders or members are not at risk.

Perpetual succession: As per company law, perpetual succession means that the company continues its existence even any owner or member dies, goes bankruptcy, exits from the business and transfers his shares to another person.

Prospectus: Prospectus is a detailed statement that must be issued by a company that goes public. However, private limited companies do not need to issue a prospectus because the public is not invited to subscribe for the shares of the company.

Number of directors: A private limited company needs a minimum of only 2 directors. At least one director on the board of directors must have stayed in India for a total period of not less than 182 days in the previous calendar year. The directors and the shareholders can be the same people.

Capital: Minimum share capital required is only Rs. 1 lakh.

PUBLIC: -

A **public** company is a company that has permission to issue registered securities to the general public through an initial public offering (IPO) and it is traded on at least one stock exchange market. A public company is not authorised to begin its business operations just upon the grant of the certificate of incorporation. In order to be eligible to run as a public company, it should obtain another document called a trading certificate.

Members: In order for a company to be public, it should have a minimum of 7 members (maximum unlimited).

Limited liability: The liability of a public company is limited. No shareholder is individually liable for the payment. The public limited company is a separate legal entity, and each shareholder is a part of it.

Board of Directors: A public company is headed by a board of directors. It should have a minimum of 3 and can have a maximum of 15 board of directors. They are elected from among the shareholders by the shareholders of the company in annual general meetings. The elected directors act as representatives of the shareholders in managing the company and taking decisions. Having a bigger board of directors therefore benefits all shareholders in terms of transparency as well as fostering a democratic management process.

Transparency: Private limited companies are strictly regulated and are required by law to publish their complete financial statements annually to ensure the true financial position of the company is made clear to their owners (shareholders) and potential investors. This also helps to determine the market value of its shares.

Capital: A public company can raise capital from the public by issuing shares through stock markets. Public companies can also raise capital by issuing bonds and debentures that are unsecured debts issued to a company on the basis of financial performance and integrity of the company.

Transferable shares: A public limited company's shares are purchased and sold on the market. They are freely transferred among the members and the people trading on stock markets.

COOPERATIVE SOCIETIES

The co-operative movement has been necessitated to protect the interests of weaker sections of society. The primary objective of this movement is 'how to protect economically weaker sections of society'. In all forms of organisation, be it is a sole trade, partnership or joint stock company, the primary motive is to increase profits.

The businessman tries to promote his own interest through all possible means including exploitation of consumers. The co-operative form of organisation is a democratic set up run by its members for serving the interests of themselves. It is self-help through mutual help. The philosophy behind co-operative movement is "All for each and each for all".

Co-operative societies are voluntary associations started with the aim of service to members. Hubert Calvert says, "Co-operation is a form of organisation wherein persons voluntarily associated together as human beings on the basis of equality for the promotion of the economic interest of themselves." V.L. Mehta defines co-operation as.

One aspect of a vast movement which promotes the voluntary association of individuals having common economic needs who combine towards the achievement of the common economic ends they have in view and who bring into his combination a moral effort and a progressively developing realisation is the achievement of economic ends. In fact, cooperative movement was started to safeguard consumers from the exploitation of capitalism.

PUBLIC SECTOR

The public sector is that portion of an economic system that is controlled by national, state or provincial, and local governments.

The public sector overlaps with the private sector in producing or providing certain goods and services. The extent of this overlap varies from country to country, state to state, province to province, and city to city. This overlap is most often seen in waste management, water management, health care, security services, and shelters for homeless and abused people.

Sometimes, service providers move from the public sector to the private. This is known as privatization, and has been taking place in recent years on a large scale throughout the world. In other instances, a service may shift from the private sector to the public. This is less common, but health care is one area where some governments are providing or experimenting with services previously furnished by private providers.

Governments routinely hire private corporations to provide goods and services for the public sector, a practice known as outsourcing. Examples include the manufacture, construction or maintenance of aircraft, military hardware, electronic and communications equipment, computers, roads, freeways, bridges, parks and recreation areas.

Role of public sector in growth of economy

- (a) Promoting economic development at a rapid pace by filling gaps in the industrial structure;
- (b) Promoting adequate infrastructural facilities for the growth of the economy;
- (c) Undertaking economic activity in those strategically significant development areas, where private sector may distort the spirit of national objective;
- (d) Checking monopolies and concentration of power in the hands of few;
- (e) Promoting balanced regional development and diversifying natural resources and other infrastructural facilities in those less developed areas of the country;
- (f) Reducing the disparities in the distribution of income and wealth by bridging the gap between the rich and the poor;
- (g) Creating and enhancing sufficient employment opportunities in different sectors by making heavy investments;
- (h) Attaining self-reliance in different technologies as per requirement;
- (i) Eliminating dependence on foreign aid and foreign technology;
- (f) Exercising social control and regulation through various public finance institutions;
- (k) Controlling the sensitive sectors such as distribution system, allocating the scarce imported goods rationally etc.; and

(1) reducing the pressure of balance of payments by promoting export and reducing imports.

Role of private sector in growth of economy

1. Most Important Sector:

In spite of huge progress of the public sector during the plan period, the importance of private sector is tremendous in the India economy. On the basis of the latest data available for the country's industrial development as given in the table -1, the number of private sector companies in 2001- 02 was 1, 10, 634 in compare to the total number companies of 1,28,549. In other way 86.1% of the total companies were under the control of private sector in compare to only 11.67o companies under public sector.

2. Employment Generation:

Private sector plays a dominant role for generating employment opportunities inside the country. A huge number of large scale, small scale, cottage scale units are under the control of private sector. It proves that small scale and cottage scale industries contribute four times more employment in compare to large scale industries. According to 2001-02 statistics, as far as employment is concerned, the share of private sector was 51.2% against 44.3% of the public sector.

3. Helpful for Development:

According to Schumpeter peter private sector plays a dominant role in economic development. It enhances the process of industrialisation. All the private entrepreneurs are worked for profit motive. They actually played a leading role for the introduction of new commodities, new techniques of production, new plants equipment's and machineries. Private entrepreneur has innovative ideas and always modifies the total method of production. After the introduction of new industrial policy in 1991, private sector leads a vital role in country's industrial development.

4. Contribution to Agriculture:

India is an agro based economy. The share of agriculture and its allied activities like fishing, poultry, cattle rearing, animal husbandry, dairy farming etc. to the national income is nearly 22%. On the other hand, about 60% of the total working population is engaged in this area. Hence, this large agriculture sector is controlled by the private sector.

5. Contribution to Industry:

According to 1956 resolution, "industries producing intermediate goods and machines can be set up in the private sector." A good number of ultra modern industries are constructed under the control of private sector. This includes several consumers' good industries like sugar industry, edible oil industry, textile industry, paper industry, spice industry and fast food or semi-finished food industries.

Even in the sphere of capital goods, iron and steel heavy engineering, chemical, motors etc. private sector plays a dominant role for their development. In the post liberalisation phase (after introduction of New Industrial Policy, 1991), the working of few private industries became huge. Table 3, shows the net sales of 10 top giant private sector industries in India during 2004.

6. High Potentiality:

Most of the small scale and cottage scale industries are using labour interspine technologies, they create huge employment opportunities. These industries are owned by private sector. About 80% of the total working forces are employed in either organized or unorganized private sector units. Private sector contributes about three-fourth of the country's national income.

Moreover, this sector also plays a vital role to increase gross domestic saving (GDS) and gross domestic capital formation (GDCF) within the economy.

MONOPOLY

Market situation where one producer (or a group of producers acting in concert) controls supply of a good or service, and where the entry of new producers is prevented or highly restricted. Monopolist firms (in their attempt to maximize profits) keep the price high and restrict the output, and show little or no responsiveness to the needs of their customers. Most governments therefore try to control monopolies by (1) imposing price controls, (2) taking over their ownership (called 'nationalization'), or (3) by breaking them up into two or more competing firms. Sometimes governments facilitate the creation of monopolies for reasons of national security, to realize economies of scale for competing internationally, or where two or more producers would be wasteful or pointless (as in the case of utilities).

Although monopolies exist in varying degrees (due to copyrights, patents, access to materials, exclusive technologies, or unfair trade practices) almost no firm has a complete monopoly in the era of globalization.

PRICE RESTRICTIONS

Price restrictions are government-mandated legal minimum or maximum prices set for specified goods, usually implemented as a means of direct economic intervention to manage the affordability of certain goods. Governments most commonly implement price controls on staples, essential items such as food or energy products. Price controls that set maximum prices are price ceilings, while price controls that set minimum prices are price floors.

UNIT-6

Managerial Aspects of Small Business

PRINCIPLES OF MANAGEMENT

Business management is the process of developing the strategies, plans, procedures and policies that guide a business on both a day-to-day and long-term basis. It involves coordinating human, financial and material resources to achieve organizational objectives.

Effective management and leadership involve creative problem solving, motivating employees and making sure the organization accomplishes objectives and goals. **There are five functions of management and leadership: planning, organizing, staffing, coordinating and controlling.** These functions separate the management process from other business functions such as marketing, accounting and finance.

FUNTIONS:

1. Planning

The planning function of management controls all the planning that allows the organization to run smoothly. Planning involves defining a goal and determining the most effective course of action needed to reach that goal. Typically, planning involves flexibility, as the planner must coordinate with all levels of management and leadership in the organization. Planning also involves knowledge of the company's resources and the future objectives of the business.

2. Organizing

The organizing function of leadership controls the overall structure of the company. The organizational structure is the foundation of a company; without this structure, the day-to-day operation of the business becomes difficult and unsuccessful. Organizing involves designating tasks and responsibilities to employees with the specific skill sets needed to complete the tasks. Organizing also involves developing the organizational structure and chain of command within the company.

3. Staffing

The staffing function of management controls all recruitment and personnel needs of the organization. The main purpose of staffing is to hire the right people for the right jobs to achieve the objectives of the organization. Staffing involves more than just recruitment; staffing also encompasses training and development, performance appraisals, promotions and transfers. Without the staffing function, the business would fail because the business would not be properly staffed to meet its goals.

4. Coordinating

The coordinating function of leadership controls all the organizing, planning and staffing activities of the company and ensures all activities function together for the good of the organization. Coordinating typically takes place in meetings and other planning sessions with the department heads of the company to ensure all departments are on the same page in terms of objectives and goals. Coordinating involves communication, supervision and direction by management.

5. Controlling

The controlling function of management is useful for ensuring all other functions of the organization are in place and are operating successfully. Controlling involves establishing performance standards and monitoring the output of employees to ensure each employee's performance meets those standards. The controlling process often leads to the identification of

situations and problems that need to be addressed by creating new performance standards. The level of performance affects the success of all aspects of the organization.

OPERATIONAL ASPECTS OF PRODUCTION

Production is the creation of goods and services. It is concerned with transforming the inputs in the form of raw materials, labour, machines, men and money into output i.e. goods and services with the help of certain production processes.

Production is the most important function in an organisation around which other activities of an enterprise (viz., marketing, financing, purchasing and personnel etc.) revolve. It is pertinent to note that production function should be managed in an efficient and effective manner for the achievement of the organisational goals.

Aspects:

1. Manufacturing function:

This function is concerned with the production of goods or making of products. Decisions such as selection of factory site, its location, design and layout, type of products to be produced, research, development and design of the product are included in manufacturing function.

2. Ancillary function:

This function includes all the activities which support or smoothen production function. Ancillary function is related to production planning and control, maintenance, purchasing, store-keeping and materials handling.

3. Advisory function:

This function helps in improving production function. It includes work study, method study, operational research, inspection and quality control.

INVENTORY MANAGEMENT

Inventory management is the supervision of non-capitalized assets (inventory) and stock items.

A component of supply chain management, inventory management supervises the flow of goods from manufacturers to warehouses and from these facilities to point of sale. A key function of inventory management is to keep a detailed record of each new or returned product as it enters or leaves a warehouse or point of sale.

Inventory control, a similar term, is the area of inventory management that is concerned with minimizing the total cost of inventory while maximizing the ability to provide customers with product in a timely manner. In some countries, the two terms are used as synonyms.

PRINCIPLES OF FINANCIAL MANAGEMENT

1. Organize Your Finances

Organizing your finances is the first step to creating wealth. Credit cards, bank accounts, personal loans, brokerage accounts, mortgages, car loans and retirement accounts should to be tracked. Budgeting software can provide complete solutions to track all such accounts, make on-time payments and more. Jeff Morris, a certified public accountant in Bethesda, Maryland, points out: "Once you enter your accounts and balances into budgeting software, you will be able to spend less time getting organized and more time making sense of your situation."

2. Spend Less Than You Earn

Personal financial software provides powerful tools to help you track and budget your spending and take steps to achieve your long-term goals. If you learn to track your finances and know

where you spend the most, you'll be able to control your money. "The best way to ensure that you either overcome debt or avoid it in the first place is to never spend more than you make," Morris says.

3. Put Your Money to Work

Take advantage of the time value of money. Morris gives the following example: "A 21-year-old who invests \$17.50 a day until retiring at the age of 65 at a 5 percent average annual investment return can be a millionaire. At age 30, the required daily savings amount almost doubles. At age 40 the amount quadruples." So save early and often, even if the amount is small.

4. Limit Debt to Income-Producing Assets

With credit cards and car loans, every penny you spend to repay that debt is money flushed down the drain. All but a few models of cars depreciate to zero and require more in repairs and finance charges than can be reasonably expected to be returned to the owner upon being sold. Morris explains, "With their ultra-high interest rates, credit cards utilized to buy household goods and clothes that quickly wear out are bad bargains. If you have to be in debt, stick to financing items that retain their value over time, like real estate and education."

5. Continuously Educate Yourself

Budgeting software often links to hoards of research that puts the collective knowledge of Wall Street at your fingertips. "Read every financial periodical, book and blog you can find from well-regarded financial authors," Morris recommends. "Understand why you are investing so that you will stick to your plan. Periodically gather research so you do not miss excellent investment opportunities."

6. Understand Risk

The key to understanding return on investments is that the more you risk, the better the return should be. This is called a risk-return trade-off. Investments like stock and bonds that have a higher rate of return often have a higher risk of losing the principal that you invested. Investments like certificates of deposit and money market accounts with a lower rate of return have a lower risk of losing principal. Since no one knows the future, you cannot be 100 percent sure any investment will do well. Morris explains, "If you diversify your investments, one can go sour without severe impact to your overall portfolio."

7. Diversification Is Not Just for Investments

Find creative ways to diversify your income. Everyone has a talent or special skill. "Turn your talents into a money-making opportunity. Investigate ways to make money from home and launch a home-based business," Morris says. The extra income can supplement your full-time income or even result in an exciting career change. Good financial management software can show you how even a slight improvement in income can positively change your financial profile.

8. Maximize Your Employment Benefits

Employment benefits like a 401(k) plan, flexible spending accounts and medical and dental insurance yield some of the highest rates of return that you have access to. "Make sure you are taking advantage of all the ways benefits can save you money by reducing taxes or out-of-pocket expenses," says Morris.

9. Pay Attention to Taxes

Financial planning software helps you manage your tax information. For example, Quicken quickly analyzes taxable investments and provides powerful organizing tools that make year-end tax filings go much smoother. Morris emphasizes, "We all know that any money you make is

going to be taxed. That is why it is important to consider the related tax implications for every investment."

10. Plan for the Unexpected

Despite of your best efforts, you'll face unforeseen emergencies. Morris urges, "Save enough money and stock up on insurance to be able to weather extended unemployment, accidents, catastrophic medical care, large car or house repairs and natural disasters." Increasing the amount of money you save when times are good can help you manage the cost impact of hedging against bumps in the road, making sure unexpected financial exposure does not derail your long-term goals and your family's financial security.

MARKETING TECHNIQUES

1. Flyers

This is the carpet-bombing method of cheap advertising. You find an area that you would like to do business in, and you distribute flyers to all the mailboxes within reach. Your flyer should be brief and to the point, highlighting the services you offer and providing contact information. Offering a free appraisal, coupon or discount never hurts.

2. Posters

Most supermarkets, public spaces and malls offer free bulletin board space for announcements and advertisements. This is a hit or miss method, but you should try to make your poster reasonably visible and have removable tabs that the customers can present for a discount. Make each location a different color so that you can get an idea from the tabs where the most leads are being generated. If there is one area that is producing the majority of your leads, you can better target your campaign (flyers, ads in papers catering to those areas, cold calling, etc.)

3. Value Additions

This is one of the most powerful selling points for any product or service. On the surface, value additions are very similar to coupons and free appraisals, but they are aimed at increasing customer satisfaction and widening the gap between you and competition.

4. Referral Networks

Referral networks are invaluable to a business. This does not only mean customer referrals, which are encouraged though discounts or other rewards per referral. This includes business-to-business referrals. If you have ever found yourself saying, "we don't do/sell that here, but X down the street does," you should make certain that you are getting a referral in return.

5. Follow-Up

Advertising can help you get a job, but what you do after a job can often be a much stronger marketing tool. Follow-up questionnaires are one of the best sources of feedback for how your ad campaign is going. Why did the customer choose your business? Where did he or she hear about it? Which other companies had he or she considered? What was the customer most satisfied with? What was least satisfying? Also, if your job involves going to the customer, make sure to slip a flyer into the nearby mailboxes, as people of similar needs and interests tend to live in the same area.

6. Cold Calling

Unpleasant? Yes. Important? Yes. Cold calling, whether it is over the phone or door to door, is a baptism of fire for many small businesses. Cold calling forces you to sell yourself as well as your business. If people can't buy you, the person talking to them, then they won't buy anything from you. Over the phone you don't have the benefit of a smile or face-to-face conversation – a phone

is a license for people to be as caustic and abrupt as possible (we are all guilty of this at one time or another). However, cold calling does make you think on your feet and encourages creativity and adaptability when facing potential customers.

7. The Internet

It is dishonest to pretend that the Internet is a cohesive whole for marketing – like a community hall you can put up a poster in or a section of the highway where you can buy billboard space. However, it is difficult to overstate the importance the Internet has on marketing. The previous methods of marketing have not changed in the last 50 years. The Internet has been born and evolved rapidly during that same time frame.

PERSONNEL MANAGEMENT

Personnel management can be defined as obtaining, using and maintaining a satisfied workforce. It is a significant part of management concerned with employees at work and with their relationship within the organization.

1. Personnel management includes the function of employment, development and compensation- These functions are performed primarily by the personnel management in consultation with other departments.
2. Personnel management is an extension to general management. It is concerned with promoting and stimulating competent work force to make their fullest contribution to the concern.
3. Personnel management exist to advise and assist the line managers in personnel matters. Therefore, personnel department is a staff department of an organization.
4. Personnel management lays emphasize on action rather than making lengthy schedules, plans, and work methods. The problems and grievances of people at work can be solved more effectively through rationale personnel policies.
5. It is based on human orientation. It tries to help the workers to develop their potential fully to the concern.
6. It also motivates the employees through its effective incentive plans so that the employees provide fullest co-operation.
7. Personnel management deals with human resources of a concern. In context to human resources, it manages both individual as well as blue- collar workers.

IMPORTANCE OF COMMUNICATION IN BUSINESS

Making Decision: In the volatile business world, businessmen are to take decisions in different areas and proper decision making requires exact information. Business Communication helps the business people to take proper decision by supplying right information to the right people at the right time.

Mutual Understanding and Co-operation: Effective Communication between the Management and the employees helps to bring about an atmosphere of mutual trust and confidence. If the employees know exactly what is expected from them and if the Management is aware of the potentialities and limitations of the employees both sides will get better returns. So, Effective Business Communication is a must for promoting a spirit of understanding and co-operation.

Raising Employee Morale: Morale is the individual and collective spirit and moral condition of employees with regard to discipline and confidence. Low morale makes the employees idle and frustrated. Management always tries to raise the morale of employees through Business Communication so that they think that they are important for the organization.

Publicizing Goods and Services: Communication helps any organization in publicizing its products and services among the actual and potential customers. Newspapers, Radio, Cinema Slides, Neo Sign, and Television etc carry out the information of products and services as Business Communication media.

Exchange of Information: Exchange of information between and among various parties is an important function of Business Communication. A business organization links with its partners and with other groups active in the society through effective Communication. Communication also facilitates the exchange of news and views between Management and employees. So its importance in the organization is essential.

Elimination of Rumours: In an organization, there are different types of people. Sometimes there may be rumours or fake information may be leaked out that creates unrest among employees. If there is well-established Business Communication system, Management can always keep in touch with the employees about every modify in the organization that reduces the rumours. Making Decision: In the volatile business world, businessmen are to take decisions in different areas and proper decision making requires exact information. Business Communication helps the business people to take proper decision by supplying right information to the right people at the right time.

UNIT-7

Legal Aspect of Small Business

UNIT-8

ENVIRONMENTAL CONSIDERATIONS

Concept of ecology and environment-

ECOLOGY

The term ecology was first proposed by a German Biologist Ernest Haeckel in 1866. The word is derived from two Greek words 'Oikos' that means house, a place to live and logos i.e. the study of. Therefore ecology is a study of organisms at home. Ecology is mainly concerned with the biological connections and processes of organisms, land, water etc. It can be referred as the scientific study of the interactions that determine the distribution and abundance of organism. Ecology is the scientific study of the distributions, abundance and relations of organisms and their interactions with the environment. Ecology includes the study of plant and animal populations, plant and animal communities and ecosystems. Ecosystems describe the web or network of relations among organisms at different scales of organization.

ENVIRONMENT

The term environment is derived from French word "environs" meaning around, encircle or encompass. And hence the term environment in short can be used for surrounding. Environment can also be referred as the totality of all the 204 externalities that affect human life. In broader perspective environment consists of human, social, political, economic and physical environment. It can also be defined as the "surrounding in which organisation operates including air, water, land and natural resources, flora and fauna, humans and their inter relations". In nutshell environment comprises of all the biotic, abiotic, natural and human components defining the form and survival of each in a given system at a given time or over a period of time.

FACTORS CONTRIBUTING TO NOISE POLLUTION-

- 1. Industrialization:** Most of the industries use big machines which are capable of producing large amount of noise. Apart from that, various equipment like compressors, generators, exhaust fans, grinding mills also participate in producing big noise. Therefore, you must have seen workers in these factories and industries wearing ear plugs to minimize the effect of noise.
- 2. Transportation:** Large number of vehicles on roads, aeroplanes flying over houses, underground trains produce heavy noise and people get it difficult to get accustomed to that. The high noise leads to a situation wherein a normal person lose the ability to hear properly.
- 3. Social Events:** Noise is at its peak in most of the social events. Whether it is marriage, parties, pub, disc or place of worship, people normally flout rules set by the local administration and create nuisance in the area. People play songs on full volume and dance till midnight which makes the condition of people living nearby pretty worse. In markets, you can see people selling clothes via making loud noise to attract the attention of people.
- 4. Construction Activities:** Under construction activities like mining, construction of bridges, dams, buildings, stations, roads, flyovers take place in almost every part of the world. These construction activities take place every day as we need more buildings,

bridges to accommodate more people and to reduce traffic congestion. The down point is that these construction equipment are too noisy.

Controls for noise pollution:

1. Prescribing noise limits for vehicular traffic
2. Ban on honking (usage of horns) in certain areas
3. Creation of silence zones near schools and hospitals
4. Redesigning buildings to make them noise proof
5. Reduction of traffic density in residential areas
6. Giving preference to mass public transport system.

FACTORS CONTRIBUTING TO WATER POLLUTION -

1. **Chemical fertilizers and pesticides:** Chemical fertilizers and pesticides are used by farmers to protect crops from insects and bacteria. They are useful for the plants growth. However, when these chemicals are mixed up with water produce harmful for plants and animals. Also, when it rains, the chemicals mixes up with rainwater and flow down into rivers and canals which pose serious damages for aquatic animals.
2. **Mining activities:** Mining is the process of crushing the rock and extracting coal and other minerals from underground. These elements when extracted in the raw form contains harmful chemicals and can increase the amount of toxic elements when mixed up with water which may result in health problems. Mining activities emit several metal waste and sulphides from the rocks and is harmful for the water.
3. **Industrial waste:** Industries produce huge amount of waste which contains toxic chemicals and pollutants which can cause air pollution and damage to us and our environment. They contain pollutants such as lead, mercury, sulphur, asbestos, nitrates and many other harmful chemicals. Many industries do not have proper waste management system and drain the waste in the fresh water which goes into rivers, canals and later in to sea. The toxic chemicals have the capability to change the color of water, increase the amount of minerals, also known as Eutrophication, change the temperature of water and pose serious hazard to water organisms.
4. **Sewage and waste water:** The sewage and waste water that is produced by each household is chemically treated and released in to sea with fresh water. The sewage water carries harmful bacteria and chemicals that can cause serious health problems. Pathogens are known as a common water pollutant. The sewers of cities house several pathogens and thereby diseases.

Controls for water pollution:

1. Administration of water pollution control should be in the hands of state or central government
2. Scientific techniques should be adopted for environmental control of catchment areas of rivers, ponds or streams
3. Industrial plants should be based on recycling operations as it helps prevent disposal of wastes into natural waters but also extraction of products from waste.
4. Plants, trees and forests control pollution as they act as natural air conditioners.

5. Trees are capable of reducing sulphur dioxide and nitric oxide pollutants and hence more trees should be planted.

FACTORS CONTRIBUTING TO AIR POLLUTION-

1. Agricultural activities: Ammonia is a very common by product from agriculture related activities and is one of the most hazardous gases in the atmosphere. Use of insecticides, pesticides and fertilizers in agricultural activities has grown quite a lot. They emit harmful chemicals into the air and can also cause water pollution.

2. Exhaust from factories and industries: Manufacturing industries release large amount of carbon monoxide, hydrocarbons, organic compounds, and chemicals into the air thereby depleting the quality of air. Manufacturing industries can be found at every corner of the earth and there is no area that has not been affected by it. Petroleum refineries also release hydrocarbons and various other chemicals that pollute the air and also cause land pollution.

3. Mining operations: Mining is a process wherein minerals below the earth are extracted using large equipment. During the process dust and chemicals are released in the air causing massive air pollution. This is one of the reason which is responsible for the deteriorating health conditions of workers and nearby residents.

4. Indoor air pollution: Household cleaning products, painting supplies emit toxic chemicals in the air and cause air pollution. Have you ever noticed that once you paint walls of your house, it creates some sort of smell which makes it literally impossible for you to breathe?

Controls for air pollution:

1. Use public mode of transportation
2. Conserve energy
3. Understand the concept of reduce, reuse and recycle
4. Use energy efficient devices.
5. Emphasis on clean energy resources.

UNIT-9

INDUSTRIAL SAFETY AND HOUSE KEEPING

COSTS OF ACCIDENTS

Many employers believe that the insurer will pick up the costs of an accident, and that's why they pay their insurance. However the costs of an accident can be broken down into the direct costs and indirect (uninsured) costs.

Direct costs of an accident

Direct costs are those costs that are accrued directly from the accident. They are quite easy to calculate, and include the medical costs incurred and the compensation payments made to the injured workers. Direct costs are usually insurable by businesses.

Indirect costs of an accident

Indirect costs are the less obvious consequences of an accident that can be costed. While the indirect costs created by accidents are hidden, they too must be paid from profits from the sale of products. They are more difficult to calculate and tend not to be insured. Indirect costs include:

- Time away from the job not covered by workers' compensation insurance;
- Payment of other workers who are not injured, for example those who stopped work to look after or help the injured worker and those who require output from the injured in order to complete their tasks;
- The cost of damage to materials or equipment involved in the accident;
- The cost of overtime imposed by the accident (lost production, additional supervision, and additional heat, light, etc.);
- The cost of wages paid to the supervisor for time spent on activities related to the accident. This includes caring for the injured, investigating the accident, and supervising the activities necessary to resume the operation of business. All of these activities will disrupt the supervisor's productivity;
- Costs associated with instructing, training, and repositioning employees in order to resume production. In some cases, it might even be necessary to hire a replacement with all the associated hiring costs;
- Medical costs paid by the employer that are not covered by the insurance. This may include treatment facilities, personnel, equipment and supplies;
- Cost of managers and clerical personnel investigating and processing claim forms and related paperwork, telephone calls, interviews, etc.
- Wage costs due to decreased productivity once the injured employee returns to work. This is due to restricted movement or nervousness/cautiousness on the part of the injured employee and time spent discussing the accident with other employees etc.
- Costs brought about from any enforcement action following the accident such as prosecution fines and costs of imposed remedial works.

CAUSES OF ACCIDENTS

1. **Lifting.** Lifting an object that is too heavy can lead to muscle sprain, strain, or tear. Make sure employees know that there's no harm in asking for help with objects that are difficult to lift alone.
2. **Fatigue.** Failing to take a break, especially to recover from physical labour, can lead to inattention and accidents. Inadequate sleep is also associated with a variety of health concerns including obesity and heart ailments.

3. **Dehydration.** Not drinking enough, especially in hot weather or hot environments, is a serious health risk. The antidote is simple—provide adequate drinking water and encourage employees to partake.
4. **Poor lighting.** Insufficient lighting is responsible for many slip and fall incidents. OSHA requires adequate lighting in all workplaces. Don't overlook the need in offices, warehouses, and parking garages.
5. **Hazardous materials.** Improper handling of hazardous materials or not wearing personal protective equipment as required is a common cause of illness. Hazard communication is commonly on the OSHA list of top violations.
6. **Workplace violence.** Violence continues to plague workplaces across diverse industries. About 550 people die each year from workplace violence. Last year OSHA published guidelines for violence prevention in social service and healthcare settings. Recently, for example, an argument at a Baltimore Public Works Department facility resulted in a homicide.
7. **Trips and falls.** Slips, trips, and falls continue to be a leading cause of injury. Culprits include slick floors and high-traffic corridors, improper footwear, rushing, and inclement weather. Employers with older workers need to be especially vigilant.
8. **Stress.** Stress has a huge impact on the human body and mind, and also on job performance. Employers can help by offering an employee assistance program, giving employees a say in job design, and offering stress-reduction opportunities like walking, yoga, etc.

JOB SAFETY ANALYSIS

A job safety analysis (JSA) is a procedure which helps integrate accepted safety and health principles and practices into a particular task or job operation. In a JSA, each basic step of the job is to identify potential hazards and to recommend the safest way to do the job. Other terms used to describe this procedure are job hazard analysis (JHA) and job hazard breakdown.

Some individuals prefer to expand the analysis into all aspects of the job, not just safety. This approach is known as total job analysis. Methodology is based on the idea that safety is an integral part of every job and not a separate entity. In this document, only health and safety aspects will be considered.

The terms "job" and "task" are commonly used interchangeably to mean a specific work assignment, such as "operating a grinder," "using a pressurized water extinguisher," or "changing a flat tire." JSAs are not suitable for jobs defined too broadly, for example, "overhauling an engine"; or too narrowly, for example, "positioning car jack."

SAFETY PLANNING AND ITS IMPLEMENTATION SAFETY EDUCATION INSTRUCTIONS AND VISUAL AIDS

Fencing of machinery

It is obligatory on the part of the management of a factory to fence with guards of a substantial construction every dangerous part of any machinery such as moving parts of prime movers and flywheels connected to it, head race and tail race of each water wheel and water turbine, every part of electric generator, rotary convertor and transmission machinery.

Work on or near machinery in motion

A specially trained adult male worker should examine, adjust and lubricate any part of a machine while in operation. He should wear tight fitting clothing. He should not handle a belt on a moving pulley more than 15 centimetres in width. Women and children are not permitted to

lubricate, adjust or clean any part of the prime mover or of transmission machinery while it is in motion.

Employment of adolescents on dangerous machines

No young person shall be allowed to work on any machine unless he has been fully instructed to beware of the dangers arising from the machines, to observe precautions and has received training in work under the supervision of a person who has a thorough knowledge and experience of working on that machine.

Self-acting machine

No traversing part of a self-acting machine and no material carried thereon shall be allowed to run on its outward or inward traverse within a distance of 18 inches from any fixed structure which is not a part of the machine.

Prohibition of employment of women and children near cotton openers

No woman or child shall be employed in any part of a factory for pressing cotton when cotton opener is at work. But women and children may be employed in the part of the room in which feed end is situated under the condition that the feed end of a cotton opener is separated from the delivery end by a partition extending to the room.

Lifting machines, Tackles, Chains and Ropes

In every factory the lifting machines (other than hoists and lifts), chains, ropes and lifting tackles for the purpose of raising or lowering of persons, goods or materials, shall be of good construction and shall be free from defects and shall be strong enough to carry the necessary loads.

Protection of eyes

In respect of any such manufacturing process carried on in any factory being a process causing injury to the eyes from particles or fragments thrown off in the course of the process or exposure to excessive light, the State Govt. may by rules required that effective screens or suitable goggles shall be provided to the persons employed.

Excessive weights

No person shall be employed in any factory to lift, carry or move any load so heavy that will cause injury to him.

Pits and openings in floors

Every fixed vessel, sump, tank, pit or opening in a floor which may be a source of danger shall be securely fenced or covered.

OBLIGATORY PROVISIONS

Industrial Employment (Standing Orders) Act, 1946:

As per the provisions of this Act, it is mandatory for certain industrial undertaking to define precisely the employment condition including the rules and the regulations of discipline. Also to clearly describe the punishment and penalties awarded to employees creating indiscipline and to same make known to the employees in the organisation. In addition, the standing orders also describe what acts of employees are treated as misconduct and what are the punishments awarded for different misconducts.

1. Willful insubordination or disobedience.
2. Refusal to work on job assigned to him.

3. Theft or fraud in connection with the property of the organisation.
4. Sabotage of safety devices.
5. Any illegal gratification.
6. Habitual late coming
7. Absence from work without permission.
8. Gross negligence of duty.

The Industrial Disputes Act, 1947:

Under the provisions of the Act, a Labour Court or Labour Tribunal is to be set up to deal with industrial disputes. In case of 'protected workmen', prior permission for discharge or dismissal is sought. Besides, the Act also makes it obligatory for an employer employing more than fifty workers during the preceding one year, to set up a 'Grievance Settlement Authority.' The responsibility of this authority is to settle industrial disputes of an individual worker.

The rules or restrictions concerning to fines are to:

1. Impose fines for approved list of misconducts and commissions.
2. Exhibit the list at or near the main entrance of the factory.
3. Give employee an opportunity of showing cause before imposing fine.
4. Limit the fine three percent of the rupee wages payable to the accused employee during the period.
5. Exempt workers below the age of 15 years from fine.
6. Record fine realized so in a register.

FIRST AID

First aid is basic knowledge about how to help people who are suddenly sick (illnesses) or hurt (injuries or body damage). For example, first aid is used at accidents to help an injured person until they receive medical treatment (help by doctors, nurses or ambulances). First aid is also used to help people who suddenly become sick, until help arrives or they can be taken to medical care.

A person does not need much equipment to give first aid. A package of things useful to give first aid is called a first aid kit. Lives can be saved even without a first aid kit. First aid can be done just about anywhere that an emergency requires. In places far from hospitals, first aid may be the only help possible until the person can be taken to a hospital or clinic.

Emergency medical dispatchers are trained in first aid, so that if there is an emergency, they can give the caller some information on what to do until the ambulance arrives. This can include the "C-A-B" listed below.

Goals of first aid:

Preserve life

Prevent further injury

Promote recovery

Circulation

Airway

Breathing

FIRE FIGHTING

Firefighting is an emergency allocation of resources, required to deal with an unforeseen problem. In software development, for example, firefighting might involve assigning extra programmers to fix coding bugs that are discovered close to a product's release date; in a security context, it might involve allocating resources to deal with the breach of an information system or the outbreak of a computer virus. At the individual user level, firefighting might involve dealing with hardware or software problems that could have been prevented with basic computer maintenance practices.

Just as in the real world, there's an assumption that "fires" are unpredictable and that they must be dealt with immediately. However, a too-frequent need for emergency action may reflect poor planning, or a lack of organization, and is likely to tie up resources that are needed elsewhere. To keep firefighting to a minimum, comprehensive disaster recovery planning (DRP) often includes the attempt to foresee, and protect against, such emergencies.

BIS Standards

The Bureau of Indian Standards (BIS) is the national Standards Body of India working under the aegis of Ministry of Consumer Affairs, Food & Public Distribution, Government of India. It is established by the Bureau of Indian Standards Act, 1986 which came into effect on 23 December 1986.[2] The Minister in charge of the Ministry or Department having administrative control of the BIS is the ex-officio President of the BIS.

The organisation was formerly the Indian Standards Institution (ISI), set up under the Resolution of the then Department of Industries and Supplies No. 1 Std.(4)/45, dated 3 September 1946. The ISI was registered under the Societies Registration Act, 1860.

As a corporate body, it has 25 members drawn from Central or State Governments, industry, scientific and research institutions, and consumer organisations. Its headquarters are in New Delhi, with regional offices in Kolkata, Chennai, Mumbai, Chandigarh and Delhi and 20 branch offices. It also works as WTO-TBT enquiry point for India.

UNIT-10

MISCELLENOUS

HUMAN RELATIONS & PERFORMANCE IN ORGANIZATION

Basics

Human relations in the workplace are a major part of what makes a business work. Employees must frequently work together on projects, communicate ideas and provide motivation to get things done. Without a stable and inviting workplace culture, difficult challenges can arise both in the logistics of managing employees and in the bottom line. Businesses with engaging workplaces and a well-trained workforce are more likely to retain and attract qualified employees, foster loyalty with customers and more quickly adapt to meet the needs of a changing marketplace.

Improving Retention

The quality of workplace relations is critical to employee retention. Employee retention may seem trivial -- especially in a workplace that is used to a high turnover -- but managers must remember that turnover is financially very costly. Every new employee requires a substantial investment of time and energy in their recruitment and training. In addition, severing ties with old employees can sometimes be challenging, especially if the circumstances are not particularly amicable. Making sure quality employees remain interested and engaged in the business requires patience, compassion and flexibility, but can actually make the business more financially sound.

Motivation and Productivity

Workplace relationships provide a source of employee motivation, which is important to maintaining productivity. Employees who are interested in their work and in the well-being of other employees tend to be more productive than those who are not. This productivity pays obvious financial dividends to the company, as it can get more done in less time with fewer costs. Building relationships, by both recognizing an employee's value to the company and a concern for their needs, often goes a long way.

Fostering Creativity

The modern business environment often rewards businesses that are able to quickly develop products that meet changing consumer needs. In some industries -- such as technology, for example -- employees' ability to come up with effective new ideas is often the difference between the entire company's success and failure. According to Sally Port Magazine, research shows that creativity is based to large degree in social interaction. Employees' creativity is often dependent on their ability to communicate with other employees and share ideas. Without quality workplace relationships, employees are less likely to be able to develop and share the solutions that a business needs to survive.

INDUSTRIAL RELATION

Industrial relation is defined as relation of Individual or group of employee and employer for engaging themselves in a way to maximize the productive activities.

In the words of Lester, "Industrial relations involve attempts at arriving at solutions between the conflicting objectives and values; between the profit motive and social gain; between discipline and freedom, between authority and industrial democracy; between bargaining and co-operation; and between conflicting interests of the individual, the group and the community.

Uninterrupted production – The most important benefit of industrial relations is that this ensures continuity of production. This means, continuous employment for all from manager to

workers. The resources are fully utilized, resulting in the maximum possible production. There is uninterrupted flow of income for all. Smooth running of an industry is of vital importance for several other industries; to other industries if the products are intermediaries or inputs; to exporters if these are export goods; to consumers and workers, if these are goods of mass consumption.

Reduction in Industrial Disputes – Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good industrial relations. Strikes, lockouts, go-slow tactics, gherao and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps promoting co-operation and increasing production.

High morale – Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e. to increase production. Every worker feels that he is a co-owner of the gains of industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers. In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because mighty co-operative efforts alone can produce great results.

Mental Revolution – The main object of industrial relation is a complete mental revolution of workers and employees. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of true democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognized. On the other hand, workers must recognize employer's authority. It will naturally have impact on production because they recognize the interest of each other.

Reduced Wastage – Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production. Wastage of man, material and machines are reduced to the minimum and thus national interest is protected.

INDUSTRIAL DISPUTES

According to Sec. 2 of the Industrial Dispute Act, 1947, "Industrial dispute means any dispute or difference between employers and employees or between employers and workmen or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person" Industrial disputes are of symptoms of industrial unrest in the same way that boils are symptoms of a disordered body.

Whenever an industrial dispute occurs, both management and workers try to pressurize each other. The management may resort to lock-out and the workers may resort to strike, gherao, picketing, etc.

Causes of Industrial Disputes:

We can classify the causes of industrial disputes into two broad groups:

- (i) Economic causes, and
- (ii) Non-economic causes.

1. Economic causes include:

- (i) Wages,
- (ii) Bonus,

- (iii) Dearness allowance,
- (iv) Conditions of work and employment,
- (v) Working hours,
- (vi) Leave and holidays with pay, and
- (vii) Unjust dismissals or retrenchments.

2. Non-economic causes include:

- (i) Recognition of trade unions,
- (ii) Victimization of workers,
- (iii) Ill-treatment by supervisory staff,
- (iv) Sympathetic strikes.
- (v) Political causes, etc.

LEADERSHIP

Leadership is the ability of a company's management to set and achieve challenging goals, take swift and decisive action, outperform the competition, and inspire others to perform well. It is tough to place a value on leadership or other qualitative aspects of a company, compared to quantitative metrics that are commonly tracked and much easier to compare between companies. Individuals with strong leadership skills in the business world often rise to executive positions such as CEO, COO, CFO, president and chairman.

Characteristics of Effective Leadership

1. Effective leadership includes strong character. Leaders exhibit honesty, integrity, trustworthiness and ethics. Leaders act in line with how they speak, and earn the right to be responsible for others' success in the company.
2. Strong leadership involves clear communication skills. Leaders speak with and listen to staff members, respond to questions and concerns, and are empathetic. Leaders use effective communication skills for moving the company forward and achieving new levels of success.
3. True leadership sees where the company is headed and plans the steps needed to get there. Visualizing what is possible, following trends in the industry, and taking risks to grow the business are all required of leaders.
4. Productive leadership shows optimism and provides positive energy for staff. Leaders are helpful by nature and truly concerned about others' well-being. Leaders find answers to challenges and are the first to reassure and inspire workers when things do not go according to plan. Leaders find ways for staff to work together and achieve maximum results in an efficient and effective manner.

LABOUR WELFARE

Labour welfare implies the setting up of minimum desirable standards of the provision of facilities like health, food, clothing, housing, medical assistance, education, insurance, job security, recreation etc. Such facilities enable the worker and his family to lead a good working life, family life and social life.

Labour Welfare thus embraces in its fold all efforts which have their object of improvement of health, safety welfare and general well-being of the workers. It is confined to those activities which are undertaken statutorily or otherwise, inside the industrial premises or outside by any

agency, government, employers which do not come under social insurance conditions, and which lead to improvement in health, efficiency and happiness of industrial workers and their families e.g. recreational, medical, educational, washing, bathing, transport facilities canteens and creches, etc. Thus, the term labour welfare covers not only the workers but also their families.

WORKERS PARTICIPATION IN MANAGEMENT

- Workers participation in management provides a chance to employees in organisation's decision making process.
- The workers participation may be at the shop level, departmental level or at the top level.
- The workers participation in the management is that the willingness to share the responsibility and accept commitment by workers in executing decisions of management with consultation of workers.
- The workers participation is conducted through the mechanism of forums which provide for association of workers representatives.
- The idea behind worker's participation in management is to dole of self-discipline and control among workers and for the smooth running of management.

Levels of workers participation in management

1. Information participation of workers: It ensures that employees are able to receive information and express their views pertaining to the matters of general economic importance.
2. Consultative participation of workers: Under this kind of workers participation in management, May act as a consultant in the matters of workers safety, health and their welfare at workplace. Even so, ultimate decision lie in the hands of management, only employees views are considered as advice.
3. Associative participation of workers: This kind of workers participation in management is next level to consultative participation. Under associative participation of workers in management, morally bound to accept and implement the opinion of employees.
4. Administrative participation of workers: Under this kind of participation of workers in management, workers the part in discharge of managerial functions. Here employees take part in decisions, which were already taken by the management, thereupon employees have to select the best from those decisions for the purpose of implementation.
5. Decisive participation of workers: Decisive participation is the highest level of workers participation in management, where employees and management together taking decisions on the matters related to workers welfare and production related issues.

Chapter-11

Motivation

FACTORS AFFECTING MOTIVATION

Self-efficacy and competence perceptions

First of all the role of self-efficacy in the regulation of motivation should be defined. Perceptions of self-efficacy refer to students' beliefs about their ability to successfully accomplish tasks they are given, and have been related to students' successful engagement and persistence in tasks (Bandura, 1993; Schunk, 1994). Students' judgments about how likely it is to successfully accomplish tasks must be based on their perceptions of task requirements.

Attributions and control beliefs

The basic construct refers to beliefs about the causes of success and failure, and how much perceived control one needs to affect outcomes or to control one's behaviour (Skinner, 1996; Weiner, 1986). Students must believe that their efforts will lead to success. This assurance enables them to manage their activities and emotions. Students who believe they are in control of their own learning and behaviour are more likely to do well and perform at high levels than students who do not feel in control.

Higher level of interest

High levels of both personal and situational interest are associated with more cognitive engagement, more learning, and higher levels of achievement. Students' interest refers to the intrinsic pleasure students draw from completing the activity. Students can only judge if the task is interesting or not, or a task's utility in terms of their understanding of task purposes.

Classroom environment

Linnenbrink and Pintrich (2001) distinguish between the objective qualities of a classroom environment that might impact on motivation and students' subjective perceptions of those same environmental conditions. They note that stronger links have been found between achievement and students' perceptions of classrooms than between achievement and objectively defined classroom qualities. Thus, it appears that teachers can influence learning processes and outcomes by structuring learning environments. They must however attend to how students perceive those environments to achieve the intended effects.

Home Situation

Home situations affect pupils' motivation in the classroom. If children come from homes where they are loved and encouraged, they will approach classroom work with eagerness and with a willingness to learn. If the pupils do not have a positive home environment, they attend school with a disadvantage and a lack of motivation because of physical or emotional problems.

Teaching approach

Learning can be more enjoyable and be tailored to a larger degree when the pupils become part of the learning process. Students can be motivated when teachers help them to see what they are learning in a different context. If the pupils are currently learning about a historical figure or event, then it could be motivating to read novels or short stories that takes place in the same time period. As long as the historical scenes are accurate, fiction stories can draw students into the historical setting and make the era come alive. When students connect better with what they are learning, motivation often increases.

Interactive activities

Using interactive activities can be a motivating factor for positive classroom participation. Also, the use of puzzles, games, special speakers and visiting museums may motivate pupils to go beyond the official and predefined teaching routine and take steps to learn more about the subject than what is taught in school.

CHARACTERISTICS OF MOTIVATION

1. Motivation is a Psychological Concept:

Motivation has to come from within each individual. There are two desiring factors in motivation-(a) Fundamental needs, such as food, clothes and shelter and (6) Ego-satisfaction including self-esteem, recognition from others, opportunities for achievements, self-development and self-actualization which act as powerful though unconscious, motivator of behaviour. Inner motivation can be more decisive for behaviour than any external influence.

2. Motivation affects the Whole Individual, not part of Him /Her:

A person's basic needs determine to a great extent what he will try to do at any given time. All these needs are inter-related because each individual is an integrated organised whole.

3. Motivation is never an Unending Process:

Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately satisfied for a given individual it loses power as a motivator and does not determine his current behaviour but at the same time others needs continue to emerge.

Wants are innumerable and cannot be satisfied at one time. It is an unending process so the process of motivation is also unending to induce the person to satisfy his innumerable wants. The importance of motivation is to keep it alive and not to let it dwindle.

4. Non-fulfilment of Basic Needs Makes a Man Sick:

If anybody fails in trying to meet a need which he feels is essential for him, he becomes to some extent mentally ill and such frustrated man cannot be motivated any further until his essential need is satisfied.

5. Goals are Motivators:

Goals and motives are inseparable. Man works to achieve the goals. As soon as the goal is achieved he would be no longer interested in work. Therefore, it is very essential for the management to know his goal to push him to work.

6. The Self-concept as a Unifying Force:

According to Geller-man unifying forces run through each individual's history. Unifying force means the drive to activate his/her image of him-herself. The outline of a person's self image is fairly well checked in early childhood and thereafter does not act ordinarily change. Thus, two things that individual is always trying to do are (a) to act like the person; he thinks he is, and (b) to get what he thinks, he can.

7. Motivation is a complex phenomenon:

Motivation being an internal feeling cannot be observed directly. Since motives themselves are dynamic, it further adds to complexity.

8. Motivation is different from Satisfaction, Inspiration, and Manipulation:

Motivation refers to the drive and efforts to satisfy a want or goal, whereas satisfaction refers to the contentment experienced when a want is satisfied. In contrast, inspiration is bringing about

a change in the thinking pattern. On the other hand, Manipulation is getting the things done from others in a predetermined manner.

METHODS OF IMPROVING MOTIVATION

Creative a Positive Work Environment

Motivate employees by giving them an upbeat, positive work environment. Encourage teamwork and idea-sharing, and make sure staffers have the tools and knowledge to perform their jobs well. Be available when employees need you to be a sounding board or a dispute mediator. Eliminate conflict as it arises, and give employees freedom to work independently when appropriate.

Set Goals

Help employees become self-motivated by helping them establish professional goals and objectives. Not only does this give employees something to strive for, but your business benefits when goals are tied to corporate contributions. Make sure goals are reasonable and achievable so employees don't get discouraged. Encourage them when they hit notable milestones.

Provide Incentives

Increase motivation by providing incentives to work toward. You can create individual incentives for each employee or team incentives to motivate employees as a group. Financial incentives can include cash prizes, gift cards or restaurant gift certificates. Nonfinancial incentives can include extra vacation days, compressed work weeks or choice office space or parking spots.

Recognize Achievements

Celebrate employee achievements through employee-of-the-month or star performer awards. Make a big deal out of accomplishments by celebrating at staff meetings. Print certificates or engrave plaques, issue a press release or post a notice on your company website. Recognize team accomplishments as well as individual efforts.

Share Profits

Motivate employees with the incentive of a profit-sharing program. In this way, employees increase their earnings when they help you increase yours. This approach simultaneously promotes collective goal-setting and teamwork. It also gives employees a sense of pride in ownership and can improve performance and reduce turnover as well as raise morale.

Solicit Employee Input

Regularly survey employees about their levels of satisfaction. You can conduct anonymous polls or hire an independent party to conduct a formal focus group. This will help you catch potential morale breakers before they get out of hand. Soliciting employee input also shows staffers that you care about their opinions and want to continually improve working conditions.

Provide Professional Enrichment

Encourage employees to continue their education or participate in industry organizations. Provide tuition reimbursement or send employees to skills workshops and seminars. If an employee is motivated to an upward career path, offer mentoring and job shadowing opportunities to keep them focused. Promote from within whenever possible, and create opportunities to help employees develop from a professional standpoint.

INCENTIVE

An incentive is something that motivates an individual to perform an action. The study of incentive structures is central to the study of all economic activities (both in terms of individual decision-making and in terms of co-operation and competition within a larger institutional structure). Economic analysis, then, of the differences between societies (and between different organizations within a society) largely amounts to characterizing the differences in incentive structures faced by individuals involved in these collective efforts. Ultimately, incentives aim to provide value for money and contribute to organizational success. As such the design of incentive systems is a key management activity.

Promotion

A promotion is the advancement of an employee's rank or position in an organizational hierarchy system. Promotion may be an employee's reward for good performance, i.e., positive appraisal. Before a company promotes an employee to a particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on-the-job experience. A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal. The opposite of a promotion is a demotion.