

**STUDY MATERIAL ON**

**Entrepreneurship**

**Management**

**And**

**Smart technology**

**5<sup>th</sup> SEMESTER**

**Prepared by**

**SUNIL KUMAR PAL**

**DEPARTMENT**

**OF E& TC ENGINEERING**

**JHARSUGUDA ENGINEERING  
SCHOOL, JHARSUGUDA**

## ① Entrepreneur

A person who sets up a business or businesses taking financial risks in the hope of profit

### Entrepreneurship

The process of setting up a new business is called entrepreneurship.

OR

\* An entrepreneur creates a firm to realize their idea, known as entrepreneurship, which aggregates capital & labour in order to produce goods or service for profit.

### Importance / Need of an entrepreneurship

- Entrepreneurship is imp. as it has the ability to improve standard of living & create wealth, for both entrepreneurs and the related business.
- It also generates employment in the country.
- It helps to get good quality product with reasonable price to the customer.
- It helps to start and manage your own business and also helps the economy of a nation. It contributes to the GDP of the country.

# characteristics of Entrepreneurship

Not all entrepreneurs are successful ; there are definite characteristics that makes entrepreneurship successful.

## ① Ability to take a risk :-

Starting an new venture involves a Considerable amount of failure risk . Therefore an entrepreneur needs to be Courageous and able to evaluate and take risks , which is essential part of being an entrepreneur.

## ② flexible.

An entrepreneur should be flexible and open to change according to the situation . .

As you are in the top position of industry you should be ready to adopt any changes in process in the market as per requirement.

## ③ know how to network :-

making public relation is an important part of entrepreneurship . How much you can connect with people and make your N/w stronger the success of your Business .

#### 4. Passion.

Successful entrepreneurs should be passionate enough for their work. They think deeply about their product development or better service providing. Passion is what will help you motivated when you are depressed & it will drive you forward.

#### 5. Money Management skill →

- Entrepreneurs need to keep track of the financial situation of their business, it's past record or future targets. Even if you hire an accountant you are the final decision maker.
- You should be well aware of the financial situation of your business to be able to make sound decision.
- However, if you would like to achieve success you must still have basic Money Management skill & knowledge.

#### 6. Decision - Making ability.

- Entrepreneur often need to make quick decision & take action. To improve decision making skill, always avoid reacting spontaneously to situation and circumstances.

→ understand all the facets of a problem, inform yourself of its nuances and then proceed to action.

### (7) self motivation.

→ one of the most imp. Behaviour of entrepreneur is self motivation. when you want to success, you must have the ability to push yourself.

→ It is hard to point out any fault as you are sole responsible for your business here prudence comes to you to think twice before taking any decision.

→ you must be dedicated to your plan & keep moving forward.

### (8) Product or Service knowledge:-

→ Entrepreneurs should know what products or services they want to offer & who their target audience is.

→ clearly identify the category of your products or services and be very clear about how they are beneficial to the customers. Study customer needs thoroughly before building solutions.

→ You should constantly study your market to understand what customers need & promote the exact features that set you apart from your competitors.

## Quality of an Entrepreneur : →

Successful entrepreneurs have many qualities other than common people. They are self-confident & positive. They are disciplined self-starters.

They are ready for any new ideas which cross their path.

### 1. Discipline:

- These persons remain focused towards their work & making profit out of that.
- They always try to eliminate all the interruptions or diversions that come on the path of their work.
- If you don't have self-discipline then it is tough for you to succeed as an entrepreneur.

### 2. Open Minded

- Entrepreneurs can see possibility of business opportunities in every event & condition & try to grab that opportunity. ~~at~~
- New & creative ideas are always being generated with work flow & productivity, people skills & potential new business.

### 3. Competitive.

- Entrepreneur stay ready to deal with Competitions that they have to face for becoming .Successful in business.
- As many same business are opened in the market it is owner's job to play his strategies like a sports and his goal should be to win it.

### 4. Creativity

- A successful entrepreneur is creative & always looks at the big picture. Their creativity & vision often lead to the invention & discovery of new things ,
- These traits requires an entrepreneur to take their ideas & dreams into a physical form ,
- Entrepreneurs often come up with solutions which are the mixture of other items. They are going to repurpose products to promote them to new industries .

## 5. Risk taking ability :-

- Entrepreneurship is all about taking risks. Entrepreneurs have the ability to take greater risks to achieve greater success, but not all risk takers are successful entrepreneurs.
- A successful entrepreneur knows when to take risks & which risks will be beneficial or harmful to the company or himself.
- All entrepreneurs plan before taking risks and make a plan B (in case of any loss or mishap) and establish a suitable ground for the result of the risks.

## 6. Organizational ability

- A successful entrepreneur must be a good organizer. He should have the ability to co-ordinate the effort of the various factors of production.
- people who are good at their own work but poor organizers cannot make good entrepreneurs.

## 7. Decision making ability :- The ability to take prudent decisions is another quality of a good entrepreneur.

- He must not take unreasonable risks and bring disaster to a business firm. He should take calculated risks & earn profits through decision making.

## 8. Innovative ability

- A successful entrepreneur must play the role of a pioneer i.e. he or she must break fresh grounds.
- New products must be evolved & marketed or some new method of manufacturing an old commodity must be implemented.
- All these are possible only if the entrepreneur has an innovative ability.

## Types of Entrepreneurship :-

- Entrepreneurship is that the overall process of evolving, introducing & running a business, there are many various types of entrepreneurship.
- people have fluctuating ambitions & vision for the sort of business they want to create.
- Everyone operates their business based on their own nature, skill & characteristics. Some people think that with hard work they can find success, while others may use capital to help them get there.

### Different types of Entrepreneurship

#### ① Small Business Entrepreneurship.

- This type of entrepreneurship refers to any kind of small business that has been created by one person, w/o the goal to expand or franchise.
- They don't look for large scale profits or venture capital funding.
- Small Business entrepreneurship are most likely to make a profit that supports their family & a helps to acquire a diffident lifestyle.

Ex<sub>1</sub> :- Local Grocery stores, hair dressers, small boutiques, consultations & plumbers etc.

## Types of Entrepreneurship :-

- Entrepreneurship is that the overall process of evolving, introducing & running a business, there are many various types of entrepreneurship.
- people have fluctuating ambitions & vision for the sort of business they want to create.
- Everyone operates their business based on their own nature, skill & characteristics. Some people think that with hard work they can find success, while others may use capital to help them get there.

## Different types of Entrepreneurship

### ① Small Business Entrepreneurship.

- This type of entrepreneurship refers to any kind of small business that has been created by one person, w/o the goal to expand or franchise.
- They don't look for large scale profits or Venture Capital funding.
- Small Business entrepreneurship are most likely to make a profit that supports their family & a helps to acquire a diffident lifestyle.

Ex<sup>1</sup> :- Local Grocery stores, hair dressers, small boutiques, Consultations & plumbers etc.

## 2. Large Company entrepreneurship

- Large Company entrepreneurship refers to Companies like Disney, Google, Toyota & Microsoft who have finite Life Cycles, as in they keep innovating & offering Consumers new products that are variants around their Core product-line.
- In this type of entrepreneurship is not starting new business, rather creating new products within an existing Company, or acquiring smaller business.

Ex<sup>1</sup> - when facebook bought whatsapp & instagram.

## 3. Scalable startup entrepreneurship

- Rooted in the idea of changing the world, Scalable startup focus on how to create a business model i.e. both repeatable & Scalable (more sales with more Resources)
- In this types of entrepreneurship begins with the hope of Rapid expansion & big profit Returns.
- Amazon, Google & Apple are all examples of trailblazing startups that have changed the world.

#### 4. Social Entrepreneurship

An entrepreneur who wants to solve social problems with their products & services is in this category of entrepreneurship, their <sup>main</sup> goals is to make the world a better place.

Ex: - Educational Programs, microfinance institutions.

#### 5. Innovative Entrepreneurship :-

→ Innovative entrepreneurs are people who are constantly coming up with new ideas & innovations. They take those ideas & turn them into business org.

#### 6. Hustler entrepreneurship

→ People who are willing to work hard & put in constant effort are considered hustler entrepreneurs. They often start small and work towards growing a bigger business with hardwork rather than capital.

#### 7. Imitator Entrepreneurship

→ Imitator are entrepreneur who use others business ideas as inspiration but work to improve them. They work to make certain products & services better & more profitable.

### ⑧ Researcher entrepreneurship : →

Researchers take their time when starting their own business. They want to do as much investigation as possible before offering a product or service.

### ⑨ Buyer entrepreneurship : →

A buyer entrepreneur purchases either a developing or well established company & helps them thrive.

→ Unlike investors, a buyer entrepreneur is involved both financially & personally in the business, remaining active & directly helping the investment to grow.

# Entrepreneurial Support Agency

## 1. District Industry Centre (DIC)

\* The Industrial Rule 1977 contained the concept of DIC.

\* DIC program initiated on 1st May 1978 as a Centrally Supported Scheme.

\* These centres are responsible for effective promotion of cottage & small scale industries at district levels. It is a administrative framework at district level for industrial promotion.

\* DIC's primary focus is to generate employment in rural regions of India.

\* These centres also provides support, facilities, concessions and services to develop small, cottage & districts industries centres & small scale units.

## 2. National <sup>small</sup> ~~Scale~~ Industries Corporation (NSIC)

→ It is a Miniratna PSU estd. by GOI in 1955. It comes under Ministry of MSME of India.

→ NSIC is the Nodal office for several schemes of Ministry of MSME such as performances & credit Rating, Single point Registration, MSME Databank, National SC ST Hub etc.   
 MSME → Leather <sup>Product</sup> training & educational institute.

→ GOI estd. National Small Industries Corporation with objectives to provide machineries on hire purchase basis and assisting and marketing in exports.

### ③ Odisha Small Industries Corporation (OSIC)

- \* It was estd. on 3rd April 1972 as an absolutely owned organization of state of Odisha.
- \* The essential objective of the Corporation is to help assist and promote the MSMEs within the state for his or her sustained growth & development to prepare the industrialization process within the state.
- \* It act as facilitator for the industrial growth of the MSMEs of the state.
- \* It provides quality raw material, quality building material & assist in marketing the product of the MSME sector.

### ④ Small Scale Industries Development Bank of India

- It's a ~~develop~~ apex regulatory body for overall licensing & regulation of Micro, small and medium enterprise finance Companies in India.
- It is under ministry of finance, GOI headquartered at lucknow and it's offices all over the Country.
- It's purpose is to provide refinance facilities & short term loans to industries and serve as the principal financial org. within the micro, small & medium enterprises sector.
- It was estd on 2 April 1990
- Chairman & MD → Sivaraman Ramann

NABARD ( National Bank for Agriculture & Rural Development ),

- It's is an apex development finance institution fully owned by GOI.
- It comes under jurisdiction of Ministry of finance, GOI.
- <sup>The</sup> Bank has been assigned with "Matters Concerning policy, planning & operations in the field of Credit for agriculture & other economic activities in rural Areas in India.
- NABARD is active in developing & implementing financial inclusion ~~policy~~ policy.
- It was estd. on 12 July 1982, H.Q = Mumbai  
chairman → Govinda Rajulu Chintala.
- It is formed in 6th 5yr Plan.

### ② Commercial Banks :-

- It is a financial institution which accepts deposits from the public & give loans for the purposes of consumption and investment to make profit.
- The General Role of Commercial Banks is to provide financial service to the general public & business, ensuring economic & social stability & sustainable growth of the economy.
- Credit Creation is the most significant function of Commercial Bank.
- while sanctioning a loan, they automatically create deposits.

## ⑦ KVIC (Khadi & Village Industries Commission)

→ It is a statutory Body (Legal body) formed in April 1957 [2nd 5yr plan] by Govt under Act of Parliament, "Khadi & Village Industries Commission Act of 1956."

→ It is an apex org under MSME, with reference to khadi & village industries within India, which seeks to -

"plan, promote, facilitate, organize & assist in the establishment & development of khadi & village industries in the rural areas in Co-ordination with other agencies engaged in rural development whenever necessary.

→ It's H.Q → Mumbai

Chairman → Vinod Kumar Saxena.

## \* Technology Business Incubator (TBI)

→ A technology business incubator is a type of business incubator focused on supporting startups which use modern technologies as the primary means of innovation.

→ TBIs provide budding entrepreneurs all necessary infrastructure support, research assistance, help in getting funding, business consulting assistance, marketing assistance & do whatever is necessary to make startup a success.

→ The primary goal of a business incubator is to facilitate economic development by improving survival & growth of new entrepreneurial units.

→ In several countries, including India, China & the Philippines there have been govt. initiatives to support TBIs.

### Science & Technology Entrepreneur Park (STEP)

→ The Science & Technology entrepreneur's Park (STEP) programme was initiated to produce a reorientation approach to innovation & entrepreneurship involving education, training, research, finance, management and govt.

→ STEP creates necessary climate for innovation, information exchange, sharing of experience & facilities & opening new avenues for students, teachers, researchers and industrial managers to grow in a trans-disciplinary culture, each understanding and depending on the other's inputs for starting a successful economic venture.

→ At Birla Institute of Technology, Mesra, Ranchi is that the 1st Science Technology Entrepreneur park ~~park~~ approved & estd. by National Science & Technology entrepreneurship development Board.

Dept. of Science & Technology GOI.

## Entrepreneur

→ An entrepreneur is a one-man who runs an org. However such a person usually has some unique ideas that allow him to be successful in his Business.

or

Entrepreneur refers to a person who creates an enterprise by taking financial risk in order to get profit.

→ Key motivation  
achievement

→ Focus

focus on starting and expanding the business ideas

→ Reward → profit

→ Entrepreneur is a visionary and bears the financial risk.

~~Status~~ → Entrepreneur is a owner of org.

## Manager

→ Manager is the one who is responsible for management & administration of group of people or department of the org.

→ His day to day job is to manage his employees & confirm the org runs smoothly.

→ Qualities such as friendliness and understanding are also very imp. in a Manager

→ Manager's motivation comes from the power that comes with their position.

→ focus on daily smooth function in plant or industry.

→ Salary.

→ Manager works for salary and does not have to bear any administrative risk.

→ Manager is a employee of an org.

## Innovation

Think over  
what to do,  
How to do  
i.e. change agent.

Entrepreneur  
brings  
innovative  
& creative  
ideas for his  
business



Simple execute  
the plans prepared  
by entrepreneur.

→ Entrepreneur is a  
~~not~~ Manager.

→ Manager is not a  
Entrepreneur.

## Decision Making

Takes all his  
decisions on his  
own

→ Does not have authority  
to take decisions on  
behalf of enterprise,  
However he can take  
decisions related to  
plans he is executing

→

## Qualification

Hardworking,  
patience,  
independence,  
innovative  
Thinking etc

→ qualification →

Right Education &  
Technical skills.

## Function of Entrepreneur :-

1. Innovators :- → Who focus to develop new technology, products and markets.
2. Bearer of Risk and Uncertainty :-  
prepared for the losses that ~~take risks~~ may arise because of unforeseen contingency in future.
3. Promotor :-  
They Consire the business idea, Conduct feasibility studies, take steps to get the Company registered and raise Capital for the Company from the public or either sources.
4. Supplier of Capital :- → They supply initial capital to the business,
5. Manager :- The entrepreneur plans, organizes directs & Controls the activities of the business.
6. Administration & Decision Making function.
  - i. Conceiving the idea of Business.
  - ii > Estimation of details of business & implementation of the same.
  - iii > Supervision & Control of business activities.
  - iv > Distributive functions.

## Barriers of Entrepreneurship :->

To start a new business there are many obstacles comes into your route which are.

(I) finance.

(II) Fear of not to be Success.

(III) No strategic Plan in place

(IV) Human Resources issues.

(V) stringent Rules & Regulations of the market.  
↳ strict/Severe

(VI) fewer opportunities.

(VII) Less Market Experience.

(VIII) Lack of Risk-taking capability.

~~(IX)~~ (IX) Lack of practical knowledge.

(X) Inadequate training.

### (1) finance

→ We all have ideas that are unique and can make an amazing business startup. But no matter how good your idea is, you will always need constant finance & funding from stakeholders to begin the process & take the 1st step towards your journey to be an entrepreneur.

→ A sound financial investment or funding can be one of the biggest Barriers to entrepreneurship as many banks, private investors & org.

find it quite difficult to believe in the startup ideas owing to risk of failure & losing their money.

## 2. Fears of not to be success! -

We all go through the fear of failure. And when the fear is related with the risks & risks taken in the path of business & entrepreneurship, the level of fearness increases to many extents.

## 3. Not Strategic Plan in Place

→ Lack of proper planning & strategy in proper place of need is one of the most common boundary for entrepreneurship.

→ Running a fully-fledged business or being an entrepreneur requires a huge amount of skill set, passion for excelling, strategic vision, the mission to accomplish the goals, market research & a lot more.

## 4. Human Resource Issue.

→ Entrepreneur can't handle & run a business alone by themselves. We require the support of human resource to withstand in the market.

→ Employee with the ~~is~~ required knowledge, skill & experience are needed for efficiency of the business process & high level of productivity.

## 5. Strict Rule & Regulation of Market

- It is not easy for entrepreneurs to enter the new market as there are quite many rules & Regulations imposed by govt. authorities.
- Various laws & agreements to be obeyed to such as taxation, environmental regulations, licenses, property rights & much more that act as the barriers to entrepreneurship.

## 6. Fewer opportunities

- Even though there is a lot of talent in the market with the aspiring entrepreneurs vibrant with ideas, but the opportunities presented to them are quite less & fewer.
- Reason such as partiality/ Nepotism & Corruption/ fraud act as the barrier to entrepreneurship.

## 7. Less Market Experience

- The experts always mention that one should never hurry in setting of a business. It is quite necessary to gain a relative amount of work experience by working in the industry field or sector of choice and as per the education level.

## 8. Lack of Risk-taking Capacity:-

→ Lack of Risk-taking Capacity is the psychological mindset and viewpoint towards the business and acts as one of the major barriers to entrepreneurship.

## 9. Lack of Practical Knowledge

→ Having a strong educational background is just not enough to pursue business as it requires practical knowledge as well to stay relevant amidst the various market cycles.

## 10. Inadequate Training,

With no proper education, development, training, entrepreneurial skills & technical know-how acts as the barriers to entrepreneurship.

# Industries

It refers to economic activity that is concerned with production of goods, extraction of minerals or provision of services.

## Types of Industries

The industries are classified into 3 categories.

(1) Raw material

(2) Size

(3) Ownership.

### 1. Raw Material

#### a. Agrobased industries

→ This type of industries use plant and animal based products as their raw material.

→ Ex<sub>1</sub> - Food processing, Oil, Cotton Textile, Dairy products & leather industries, Sugar industries.

#### b. Mineral Based industries

→ This type of industries are primary industries that use mineral ore ~~is the product~~ as raw material. The product of these industries feed other industries.

→ Iron made from iron ore is the product of mineral based industries. This is used as raw material for the manufacture of a no. of other products, such as heavy machinery,

building materials & railway coaches.

### (B) Marine based industries

This types of industries use products from the sea & oceans as raw material

Ex<sup>1</sup> - Industries processing sea ~~oceans~~<sup>food</sup> or manufacturing fish oil.

### (d) Forest based industries → oily fish.

→ These industries use raw material from the forest goods like wood.

→ These industries associated with forests are pulp & paper, pharmaceutical & furniture.

### (2) Size

It refers to amount of Capital invested, no. of employees & volume of production.

Based on size industries are classified into 2-types.

#### (a) Small scale industries

→ In this type industries have less Capital & technology invested in them.

→ Cottage or Household industries are a type of small scale industries where the products are manufactured by hand, by the artisans.

Ex<sup>1</sup> - Basket weaving, (Basket, mats etc)

Pottery, Handicraft.

↓  
raw material

Bamboo, oak,  
Vines

↓  
fibrous material prepared by separating cellulose fibres from wood

## ⑥ Large Scale industries

↳ Large scale industries are precise opposite of small scale industries. Here the capital invested is large & advance technology is in use here.

Ex!- Automobile, steel Manufacturing,  
Thermal power plants. etc.

## ⑧ Ownership

### ① Private Sector industries :-

Private industries are business that owned & operated by a individuals or group of individuals.

Ex!- Reliance industries, Tata steel, Larsen & Turbo,  
Adani export, tata motor etc

### ② Public Sector industries

Public Sector industries are owned & managed by govt. such as HAL, BHEL, SAIL etc

Coal india, NTPC, ONGC, NALCO, POWERGRID

### ③ Joint Sector industries

This type of industries are owned and operated by the state & individuals or a group of individuals.

Example → { Maruti Udyog limited, Oil-india Ltd.  
Vodafone - Idea, Green-Gas Ltd.

### ④ Co-operative industries sector :-

Co-operating industries are operated <sup>and owned and</sup> by the Supplier, producers or workers of raw material.

Ex!- Anand milk Union Limited (Amul) → H.C. Anand Guj  
Sudha Dairy → H.C. = Patna  
Rih...

# Forms of Business Ownership :-

## 1. Sole Proprietorship

- A sole proprietorship is owned by only one person. This is the most common form of business ownership.
- It can include small retail stores, mechanic services and even inventors or musicians seeking to sell their products online.

### → Advantages :-

1. ease of starting & ending the business.
2. Being your own boss.
3. Leaving a legacy behind for future generations.
4. No special taxes
5. Retention of Company profit.

Disadvantages :- The owner flexibility & Control you make all the decisions & direct the entire business operations.

→ limited growth

→ limited life span; if the sole proprietor dies or leaves the business ends.

→ limited financial resources.

## 2. Partnership

→ partnership is similar to sole proprietorship, except more than one person is involved.

→ Two or more people come together to work at a given business and share in the profits (or loss) in that business.

→ Like sole proprietorship, a partnership is relatively easy to set up & doesn't have to pay the sort of taxes that larger Corporations do.

→ However, the partners themselves are responsible for business losses & liabilities and partnership founded on informal Agreements may run into interpersonal problems when the Company struggles.

### Advantages

1. More financial Resources. Two or more people pool their money & Credit
2. Longer survival. partners are 4 times as likely to succeed as sole proprietorships.
3. No special taxes. all profits of partners are taxed as personal income of the owners.
4. Shared Management & Complementary knowledge. Partners provide different skills & perspectives.

### Disadvantages.

1. Division of Profit. sharing of profits can cause Conflicts.
2. Disagreement among partners.
3. Unlimited liability.
4. each general partner is liable for the debts of the firm; no matter who was responsible for

causing those debts.

→ you are liable for your partners mistakes as well as your own.

### 3. Private Corporation

A company is a business, which is considered a separate entity from owner; even having the legal rights of a person.

#### Advantage,

#### 1. Limited liability,

i.e. the owners of a business are responsible for losses only up to the amount they invest.

#### 2. More money for investment

To raise money, a corporation sells ownership to anyone interested or corporations can also raise money from investors through bonds.

#### 3. Size

Corporations have the size & resources to take advantages of opportunities anywhere in world.

#### 4. perpetual life :-

The death of one or more owners does not terminate the Corporation.

5. Ease of ownership change i.e. selling stock changes ownership.

## Disadvantages

1. Extensive paperwork.
2. Double taxation.
3. Initial cost

## 4. franchising :-

franchising is a business arrangement in which the owner of a trademark, tradename or Copyright has licensed others to use it in selling goods or services.

## Advantages

1. Personal ownership.
2. An established business.
3. A known brand.

## Disadvantages

1. No Control.
2. Tied to Suppliers
3. Cut of your Profits.

## Concepts of startups :-

- The term startup refers to a company in the 1st stages of operations.
- Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand.
- Founders normally finance their startups and may attempt to attract outside investment before they get off the ground.
- Funding sources include family & friends, venture capitalists, crowdfunding & loans.
- Startup must also consider where they shall do business & their legal structure.
- Startups come with high risk as failure is very possible but ~~can~~ they can also be very unique places to work with great benefits, a focus on innovation, & great opportunities to learn.

### Adv.

1. more opportunities to learn.
2. Increased Responsibility.
3. flexibility.
4. innovation is encouraged.

### Disadv.

1. Risk of failure.
2. Having to raise capital.
3. High stress
4. Competitive business environment