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Unit I - Introduction Of Entrepreneurship

Meaning of Entrepreneurship:

Entrepreneurship refers to the process of identifying, developing and bringing a business idea into reality by organizing resources, taking risks and managing operations with the aim of earning profit and creating value. Thus Entrepreneurship refers to the Creation of new business and innovation.

The word "**entrepreneurship**" is derived from the French word "**Entreprendre**", which means "**to undertake**" or "**to do something**".

Definition of Entrepreneurship:
According to ***Joseph Schumpeter***: Entrepreneurship is the process of carrying out new combinations, which leads to innovation.

According to ***Peter Drucker***: Entrepreneurship is the act of innovation that involves endowing existing resources with new wealth-producing capacity.

Who is Entrepreneur:
An entrepreneur is the person who undertakes productive activity by combining factors of production that is land, labour, capital and technology in an innovative way.

Full form of EEE:
Entrepreneur Entrepreneurship Enterprise

Types of Entrepreneurship:

1. Small Business Entrepreneurship:
Small Business Entrepreneurship refers to those entrepreneurial activities where the business is started on a small scale with limited resources, capital and workforce. The primary aim is to provide livelihood to the owner and family rather than making very large profits. Examples: Small retail shops, Tailoring units, Bakery shops, Beauty parlours, Local food processing units, electrician, plumber, travel agent, carpenters etc.

2. Large Company Entrepreneurship:
Large Company Entrepreneurship refers to entrepreneurial activities carried out within big and established companies. These firms already have a strong market presence and resources, but they encourage innovation, diversification and new product development to stay competitive. It is sometimes called Corporate Entrepreneurship or Intrapreneurship. For examples- Google launching new services (like Google Maps android), Apple introducing new versions of iPhone or iPad, Tata Group diversifying into automobiles, steel, IT, etc.

3. Social Entrepreneurship:
Social Entrepreneurship refers to the type of entrepreneurship where the main goal is to solve social problems and create social value, instead of focusing only on earning profit. A social entrepreneur uses innovative ideas and business models to bring positive change in society while being financially sustainable.
For example – Microfinance to help poor people, especially women. NGOs like Selco India – providing solar energy solutions to rural households. Cooperative societies like Amul (India) – dairy cooperative empowering farmers and creating rural employment. Etc

4. Innovative Entrepreneurship:
Innovative Entrepreneurship refers to a type of entrepreneurship where the entrepreneur introduces new ideas, products, services, production methods or technologies into the market. Such entrepreneurs are creative, research-oriented and risk-takers, aiming to bring something entirely new that transforms the market and creates value. For examples: Introduced electric cars (Tesla), reusable rockets (SpaceX) etc.

Important Characteristics of Innovative Entrepreneurship are:

1) **Creativity**: Introduces new ideas, products or services.
2) **Risk-taking**: Willing to take calculated business risks.
3) **Future-oriented**: Focuses on long-term goals and growth.
4) **Research-driven**: Relies on R&D for product and process improvement.
5) **Problem-solving**: Develops solutions for customer and societal needs.

6. Agricultural Entrepreneurship:
It refers to the process, where individuals or groups engaged in agricultural and allied activities as a business, with the aim of making profit, generating employment etc.
It is not just traditional farming, but also agribusiness such as food processing, dairy, fisheries organic farming and marketing of agricultural products.

7. Rural Entrepreneurship:
Rural Entrepreneurship refers to entrepreneurial activities carried out in rural areas using local resources, skills and manpower. Its main aim is to generate employment opportunities, reduce migration to urban areas and improve the standard of living in villages.
It includes activities like agriculture, small-scale industries, handicrafts, dairy, rural tourism and service enterprises.

8. Technopreneurship:
Technopreneurship is a form of entrepreneurship where the core business is based on technology. It involves using innovation, creativity and modern technology to develop new products, processes or services like IT, AI, New software development etc.

9. Imitative Entrepreneurship:
Imitative Entrepreneurship refers to the type of entrepreneurship where the entrepreneur copies or adopts existing business models, products or services from successful businesses and applies them in a new area or market.
It is not based on original innovation but on replication and adaptation of already proven ideas like Opening a franchise like Domino's, McDonald's or KFC. Launching an e-commerce site similar to Amazon etc.

Factors Promoting Entrepreneurship:

Entrepreneurship does not grow automatically; it is encouraged by various economic, social, political and personal factors. The main factors are:

1. **Economic Factors**

   a) **Availability of capital** – Easy access to finance motivates people to start a business.
   b) **Market opportunities** – A large and growing market attracts entrepreneurs.
   c) **Infrastructure facilities** – Good transport, communication and power supply support entrepreneurship.
   d) **Availability of labour and raw materials** – Reduces production cost and encourages entrepreneurship.

2. **Social Factors**

   a) **Family background** – Business families often encourage and support new entrepreneurs.
   b) **Education and training** – Skilled and educated people are more likely to become entrepreneurs.

3. **Political and Legal Factors**

   a) **Government policies** – Subsidies, tax benefits and incentives promote entrepreneurship.
   b) **Stability of government** – Political stability provides confidence to invest.
   c) **Legal framework** – Simple registration and licensing procedures encourage start-ups to setup new factories and industries.

4. **Technological Factors:**

a) **Research and innovation** – New technologies open doors for new businesses.
b) **Access to information** – Internet and digital platforms help entrepreneurs start easily.

5. **Personal Factors:**

a) **Risk-taking ability** – People willing to take calculated risks become entrepreneurs.
b) **Creativity and leadership** – Innovative ideas and leadership skills help in enterprise creation.

Barriers to Entrepreneurship:

Entrepreneurship plays a vital role in economic growth, but several obstacles prevent people from becoming entrepreneurs. These barriers can be explained under Economic, Social, Political-Legal and Personal heads.

1. Economic Barriers

These are the most serious obstacles since business activities depend heavily on economic resources.

a) Lack of Capital and Credit Facilities:
Entrepreneurs often face difficulty in raising funds from banks or financial institutions due to high collateral requirements, complicated loan procedures and lack of venture capital.

b) Shortage of Raw Materials:
Non-availability or high cost of essential raw materials increases production costs and discourages entrepreneurs. For example, scarcity of cotton affects textile entrepreneurs.

c) Poor Infrastructure:
Inadequate transport, storage, electricity, water supply and telecommunication systems increase business risks and make enterprises less competitive.

d) Market Uncertainty and Competition:
Fluctuating demand, stiff competition from big firms and changing consumer preferences create uncertainty in profits, discouraging new entrepreneurs.

2. Social Barriers

Society plays an important role in encouraging or discouraging entrepreneurship.

a) Negative Social Attitudes:
In many societies, business is considered less respectable compared to government jobs. Such attitudes reduce interest in entrepreneurship.

b) Low Literacy and Lack of Skills:
Lack of quality education, vocational training and technical knowledge becomes a major barrier to entrepreneurship.

c) Family Pressure:
Families often push individuals towards stable employment rather than risky business ventures. This discourages risk-taking.

3. Political and Legal Barriers

The political system and legal framework also impact entrepreneurship.

a) Corruption and Bribery:
Unnecessary demands from officials increase costs and discourage small entrepreneurs.

b) Political Instability:
Frequent changes in government, strikes or unrest create uncertainty, which reduces investor confidence.

c) Unfavorable Government Policies:
High taxes, lack of subsidies, poor support for small industries and absence of incentives act as barriers.

4. Personal Barriers

These are internal limitations within the entrepreneur himself.

a) **Fear of Risk and Failure:**
Many individuals avoid entrepreneurship due to fear of losing money, business failure or instability.

b) **Poor Leadership and Managerial Skills:**
Entrepreneurship requires managing people, resources and processes. Lack of leadership, communication and decision-making skills can prevent success.

Stages of Entrepreneurship:

Entrepreneurship development generally passes through the following stages:

1. **Idea Generation and Identification**
The first stage where the entrepreneur thinks of a business idea. It may come from observing market needs, solving social problems or introducing innovation.
Example: Noticing demand for organic food in urban areas and deciding to start an organic farm business.
2. **Feasibility Study and Planning**
The entrepreneur studies whether the idea is practical, profitable and sustainable. Includes analyzing market demand, availability of raw materials, competitors, risks and required capital. Preparation of a business plan is the key outcome of this stage.
3. **Resource Mobilization**
After planning, the entrepreneur arranges resources such as finance, raw materials, technology, land and skilled labour. Sources of finance may include personal savings, banks, venture capital or government schemes.
4. **Launch/Implementation**
The business is formally started by producing goods or services. The entrepreneur organizes operations, hires workers, sets up production and starts marketing. At this stage, strong leadership and decision-making skills are required.
5. **Growth and Expansion**
Once the enterprise becomes stable, the focus shifts to expanding the business. Entrepreneurs try to increase production, capture a larger market, diversify products and sometimes enter new markets. Innovation and continuous improvement are vital here.
6. **Sustenance and Maturity**
The business reaches a stage where it becomes well-established. The entrepreneur focuses on maintaining quality, customer trust and competitiveness. At maturity, some businesses may also franchise, merge or diversify further.

Government Growth for Entrepreneurship:

Entrepreneurship plays a vital role in the economic growth of a country. The Government promotes entrepreneurship by introducing various policies, financial assistance programs, training schemes and infrastructure support. These initiatives encourage self-employment, innovation and job creation.

Role of Government in Entrepreneurial Growth

The Government supports entrepreneurship in the following ways:

1. **Financial Support** – Providing loans, subsidies and grants.
2. **Skill Development** – Training programs for entrepreneurs.
3. **Infrastructure Development** – Industrial parks, incubators and SEZs.
4. **Ease of Doing Business** – Simplified registration and licensing.
5. **Market Support** – Promotion of MSMEs and startups.

UNIT II - Women Entrepreneurship

Q. Who is a Women Entrepreneur?
Answer: A women entrepreneur is a woman who initiates organizes and operates a business enterprise. She takes the risk of starting a business, manages resources and makes decisions to achieve profit, social value or both.

Role of Women Entrepreneurs

Q. Explain briefly the Role of Women Entrepreneurs?
Answer: Women entrepreneurs play a significant role in economic, social and personal development. Their contribution is becoming increasingly important in both developing and developed economies.

1. **Economic Development**
   Women entrepreneurs create new enterprises that generate income, employment and wealth. They contribute to GDP and strengthen small-scale industries.
2. **Employment Generation**
   By starting businesses, women provide jobs for themselves and others, especially other women. This helps reduce unemployment and underemployment.
3. **Poverty Reduction**
   Women-led micro and small enterprises uplift the standard of living by creating income opportunities in rural and urban areas.
4. **Women Empowerment**
   Entrepreneurship gives women economic independence and decision-making power. It reduces gender inequality and improves their social status.
5. **Social Development**
   Women entrepreneurs often focus on education, health, environment and community welfare, leading to broader social development.
6. **Innovation and Creativity**
   Women bring new ideas in fashion, handicrafts, food processing, beauty and e-commerce, enriching markets with diversity.
7. **Balanced Regional Development**
   Many women entrepreneurs set up businesses in semi-urban and rural areas, promoting balanced growth and reducing migration pressure in cities.

Problem Faced by W.E.

Q. Discuss the various problems faced by women Entrepreneurship in India.
Answer: Although women entrepreneurs play a key role in the Indian economy, they also face several challenges that restrict their growth. These problems can be grouped as financial, social, personal and other barriers.

Financial Problems:

I. **Lack of capital and credit support** – Banks and financial institutions are often reluctant to provide loans to women due to lack of collateral security and gender bias. Dependence on male family members for finance reduces their independence.

Social and Cultural Problems:

I. **Negative attitude of society** – In many regions, business is still considered a male domain.
II. **Family pressure** – Women are often expected to focus on household responsibilities, restricting their involvement in business.
III. **Lack of social support networks** – Women entrepreneurs may not get encouragement from society and relatives.

Educational and Skill-related Problems:

I. **Low literacy rate among women*:*** Low literacy rate among women in rural areas reduces their capacity to handle accounts, marketing and technical activities.
   Lack of training and exposure limits their ability to compete with male entrepreneurs.

Marketing Problems:

I. **Difficulty in accessing markets** – Women face problems in promoting and selling their products due to lack of contacts, mobility and bargaining power.
   Competition from large-scale industries often affects small women-led enterprises.

Personal Problems:

I. **Low self-confidence and risk-taking ability** due to long-standing gender discrimination also makes hurdle in women Entrepreneurship.
II. **Dual role conflict** – balancing family responsibilities with business responsibilities is a big challenge.

Self-Help Group. Concept & Functions

Q. What is Self-Help Group (SHG)? Explain briefly different functions of SHGs.
Answer: A Self-Help Group (SHG) is a small voluntary association of usually 10–20 people, especially women, from similar socio-economic backgrounds who come together to save money regularly, contribute to a common fund and provide loans to members for income-generating activities.

Functions of SHGs (Any Four):

1. **Encourages Savings Habit** – Members save a small fixed amount regularly, which builds financial discipline.
2. **Provides Micro-Credit** – The pooled savings are used to give loans to members for business, health or education purposes without formal collateral.
3. **Promotes Income-Generating Activities** – SHGs help members start small businesses like dairy farming, handicrafts or petty trade.
4. **Empowers Women and Promotes Self-Reliance** – SHGs improve decision-making power, confidence and social status of women.

Microfinance

Q. What is Microfinance? Who popularized the concept of Microfinance?
Answer: Microfinance refers to the provision of small loans, savings and other financial services to poor and low-income people who do not have access to conventional banking services.
Its main aim is to promote self-employment, income-generating activities and financial inclusion. It is often associated with small loans (microcredit) for business, agriculture or household needs.

Key Features:

1. Targets poor and low-income people.
2. Provides small loans without collateral.
3. Promotes self-employment and entrepreneurship.
4. Often linked with Self-Help Groups (SHGs) and NGOs.
5. The concept of microfinance was popularized by **Prof. Muhammad Yunus** of Bangladesh.

He founded the **Grameen Bank in 1983**, providing small loans to poor rural people, especially women, without requiring collateral.
Muhammad Yunus received the **Nobel Peace Prize in 2006** for his contribution to poverty alleviation through microfinance.

Q. Explain briefly different Sources of Finance for Entrepreneurship.
Answer: Finance is essential for starting, running and expanding a business. Entrepreneurs can obtain finance from internal and external sources.

1. Internal Sources (Own Funds)

- **Personal Savings:** Using own savings to start a business.
- **Family Contributions:** Financial support from family members.
- **Retained Earnings:** Profits from previous business activities reinvested into the enterprise.

2. External Sources:

- **Bank Loans**: Term loans, working capital loans or project loans from banks.

- **Non-Banking Financial Companies (NBFCs)**: Provide short-term and long-term credit.
- **Government Schemes:** Special loans for small enterprises through SIDBI, NABARD or MSME programs.
- **Public Issue / Shares**: Selling company shares to the public for raising funds.
- **Government Grants**: Non-repayable financial aid for women entrepreneurs, rural entrepreneurs or innovative projects.
- **Subsidies:** Financial assistance for certain sectors like agriculture, technology or renewable energy.

3. Other Sources:
- **Cooperative Societies**: Loans or credit support through cooperative banks.
- **Crowdfunding Platforms**: Online platforms where many people contribute small amounts for a business idea.

Government Schemes for Entrepreneurship in India:

The government of India has implemented several schemes and programs to promote entrepreneurship among women, youth, rural population, SC/ST communities and small-scale enterprises. These schemes aim to provide financial support, training, technology, marketing and mentoring to create a favorable ecosystem for entrepreneurs.

1. Prime Minister's Employment Generation Programme (PMEGP):
Objective: To generate employment opportunities by setting up new micro-enterprises in rural and urban areas.
Target: Unemployed youth, self-help groups and small business entrepreneurs.

Support Provided:
Financial assistance/subsidy: 15–35% of the project cost depending on whether the area is rural or urban.
Credit facilities: Loans from banks for starting micro enterprises in manufacturing and service sectors.
Impact: Helps create self-employment, reduce rural unemployment and promote small-scale industries.

2. Stand-Up India Scheme:
Objective: Promote entrepreneurship among women and SC/ST communities.
Support Provided: Bank loans of ₹10 lakhs to ₹1 crore for greenfield projects in manufacturing, trading or services. Handholding support through mentoring and guidance from government agencies.
Impact: Encourages underprivileged communities to become self-reliant and participate in economic development.

3. Micro Units Development and Refinance Agency (MUDRA Yojana)
Objective: Provide microfinance to small and micro-enterprises to promote self-employment.
Loan Categories:
Shishu: Up to ₹50,000 for startups at the idea or early stage. Kishore: ₹50,001 to ₹5 lakh for businesses in growth stage.
Tarun: ₹5 lakhs to ₹10 lakhs for well-established small enterprises.
Support: Easy access to bank credit without collateral; encourages entrepreneurship among low-income groups.

4. National Small Industries Corporation (NSIC) Schemes
Objective: Support micro, small and medium enterprises (MSMEs).
Services Provided:
Marketing support and participation in trade fairs. Financial assistance and credit facilitation. Technology support and skill development
Impact: Helps small enterprises improve competitiveness and expand market reach.

5. Skill Development and Training Schemes
Entrepreneurship Development Programmes (EDPs):
Aim: Train aspiring entrepreneurs in business planning, management and operational skills.
Management Development Programmes (MDPs):
Aim: Improve managerial and leadership skills of existing entrepreneurs.
Impact: Enhances knowledge, reduces failure rate and strengthens entrepreneurial culture.

6. Other Important Schemes:
Women Entrepreneurship Development (WED): Encourage women to start businesses Women entrepreneurs
Rural Entrepreneurship Development Programme (REDP): Promote entrepreneurship in rural areas Rural youth

Technology Upgradation Fund Scheme (TUFS): Upgrade technology in small industries MSMEs
Cluster Development Programme (CDP): Improve competitiveness through cluster-based development Groups of MSMEs.