

AECCENTT

ENTREPRENEURSHIP DEVELOPMENT



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AECCENTT – ENTREPRENEURSHIP DEVELOPMENT

Edition 2026

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STRUCTURE OF COURSE

Course Title	:	Entrepreneurship Development
Course Type	:	Ability Enhancement
Course Code	:	AECCENTT
Course Credits	:	2
Semester	:	1

COURSE OUTCOME

After completion of the course, the student would be able to

- Select the distinct entrepreneurial traits.
- Outline the parameters to assess opportunities and constraints for new business ideas.
- Plan the project report, forms of organization, financial institution and systematic process for business idea.
- Analyze Design, strategies for successful implementation of ideas, production and marketing management.
- Develop a business plan as per the government department and their schemes.

Course Content

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UNIT 1

ENTREPRENEURSHIP

NOTE

STRUCTURE

- 1.1 Introduction
- 1.2 Objectives
- 1.3 Definitions of Entrepreneurship
- 1.4 Characteristics of Entrepreneurship
- 1.5 Importance of Entrepreneurship
- 1.6 Summary
- 1.7 Glossary
- 1.8 Answers to check your progress
- 1.9 Suggested Readings-OER
- 1.10 Reference
- 1.11 Exercise

1.1 INTRODUCTION

This unit provides a foundational understanding of entrepreneurship, a concept that has gained significant prominence in recent times. We'll explore how entrepreneurship fuels economic growth, drives innovation, and generates employment. While entrepreneurship might have been somewhat overlooked in the past, its importance in today's dynamic business environment is undeniable. We'll delve into the various factors that influence entrepreneurial activity, such as government policies, support systems, and the availability of resources. This unit will also introduce you to different perspectives on entrepreneurship, including the idea of entrepreneurs as innovators who bring new ideas and solutions to the market.

1.2 OBJECTIVES

1. Define entrepreneurship and identify key factors that influence its development.
2. Explain the role of entrepreneurship in economic growth, innovation, and job creation.
3. Provide examples of how government policies and support systems can promote or hinder entrepreneurship in India.
4. Compare and contrast different definitions of entrepreneurship, highlighting the common themes and key differences.
5. Assess the importance of entrepreneurship in addressing social and economic challenges in the 21st century.

NOTE**1.3 DEFINITIONS OF ENTREPRENEURSHIP**

Entrepreneurship, till some time back, has been largely ignored or treated in a highly simplified way by business experts. However, now it is widely recognized that it promotes the supply of entrepreneurial talent and therefore is likely to be important due to the role that it plays in the fields of economic growth, innovation and job creation. It may be noted that the supply of productive entrepreneurship is likely to be affected by such factors as the kind of tax and tax incentives, government support systems, healthy investment capital market, the level of research and development facilities.

The graph shown below clears the concept of entrepreneur:

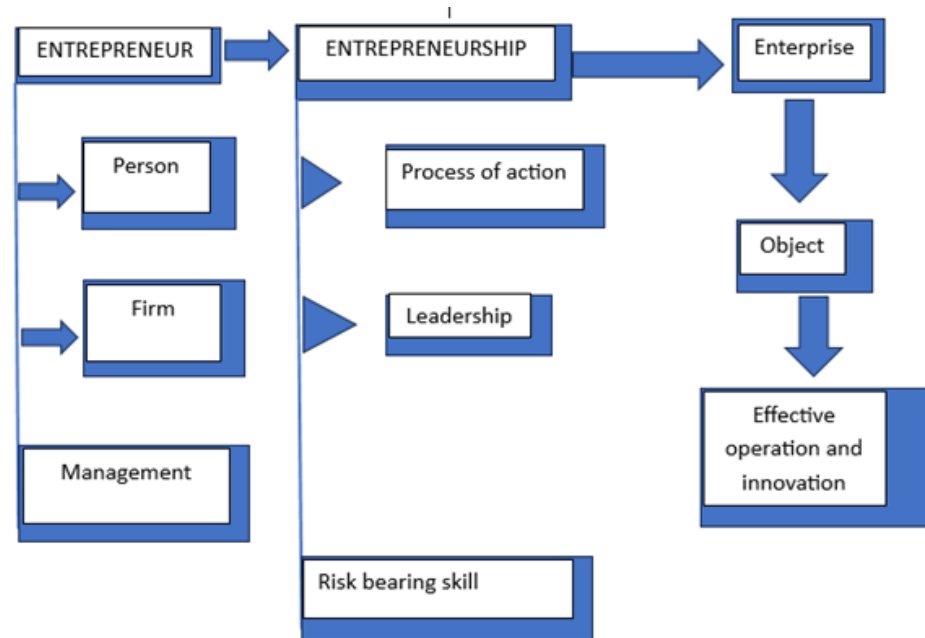


Fig.1.1: the concept of entrepreneur

Entrepreneurship is a multi-dimensional task and hence this term has been defined differently by different experts as follows:

Joseph Schumpeter (1930): "Entrepreneurship is based on purposeful and systematic innovation. It included not only the independent businessmen but also company directors and managers who actually carry out innovative functions".

Thus, Joseph Schumpeter defines entrepreneurship as essentially a creative activity consisting in doing such things as are generally not done in the ordinary course of business routine. In his opinion entrepreneurship includes introducing something new into the economy. He supports the innovator concept of entrepreneurship.

Arthur Cole (1959): "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate,

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maintain or aggrandize profit by production or distribution of economic goods and services”.

Robert Ronstadt (1984): “Entrepreneurship dynamic process of creating incremental wealth. This wealth is created by individuals who assumed the major risks in terms of equality, time, and/or career commitment of providing value for some products or services. The product or services itself may or may not be new or unique but value must show how be infused by the entrepreneur by securing and allocating the necessary skills and resources”. This definition captures the essence of entrepreneurship.

Conference of entrepreneurship, U.S.A.: “Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition”.

Robert Hisrich & Michael Peters (2002): "Entrepreneurship is the process of creating something new with value by devoting the necessary-time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence”.

It may be noted here that although each of these definitions’ views entrepreneurship from a slightly different perspective, they all contain similar notions such as a newness, organising, creating, wealth and risk-taking. It may further be noted that the definitions from number (1) to number (4) above, are somewhat restrictive in nature-being related to business ventures only. However, entrepreneurship is found in all professions, including education, medicine, law, architecture, research, social work and engineering. From this viewpoint, the definition given by Hisrich and Peters is more suitable since it includes all types of entrepreneurial behaviour.

1.4 CHARACTERISTICS OF ENTREPRENEURSHIP

The main features of entrepreneurship are described below:

- 1. Economic Activity:** Entrepreneurship is primarily a wealth-producing task. It involves putting the resources to productive use. It creates and operates an enterprise. It is basically concerned with the production and distribution of goods and services.
- 2. Creative Activity:** Entrepreneurship involves exploring new opportunities. It creates new jobs, new tasks and new ventures in the society. It creates new economic values. It creates wealth and capital in the country.

NOTE

3. **Purposeful Activity:** The entrepreneur creates and operates an enterprise to earn profits. It also satisfies the changing needs of consumers and society. It is goal-oriented activity.
4. **Risk-bearing Capacity:** Risk is the essential element of entrepreneurship. An entrepreneur works under uncertainties. Risk and enterprise go hand in hand. In the pursuit of profit, there is every possibility of loss. Entrepreneur assumes the non-insurable risks of future.
5. **Ability to Innovate:** It involves innovation or introduction of something new and better. It is a creative response to change in the environment. Drucker says, 'Innovation is the specific instrument of entrepreneurship'. Entrepreneur is a change agent".
6. **Business-Oriented Tendency:** It reflects the business and enterprising nature of person. It encourages people to start business, to imagine new ventures and to set up units of production. It promotes business and industries in the society.
7. **Organising Function:** It is the ability to bring together productive resources of society. Entrepreneur harnesses land, labour, capital, technology, knowledge and managerial talents for the benefit of mankind. He is an organization builder. He coordinates and controls the productive energies of people.
8. **Gap-filling Function:** Entrepreneurship bridges the gap between human wants and the available products. An entrepreneur determines the needs of people and combines resources to produce goods of requirements.
9. **Dynamic Function:** Entrepreneurship is thriving on chaos and amidst changes. It copes with challenges and succeeds in spite of them. An entrepreneur deals proactively with changing markets and environment. He looks at the changes as the source of market advantages, not as a problem. Uncertainties are market opportunities for him. He capitalizes on fleeting market anomalies.
10. **Managerial and Leadership Functions:** An entrepreneur has managerial and leadership skills. He provides direction, create work culture, and build teamwork and cohesiveness among employees.
11. **Knowledge-based Practice:** Drucker writes, 'Entrepreneurship is neither a science nor an art. It is a practice. It has a knowledge base. He uses his experiences for high achievements. The enterprising quality is generated after a long practice of risk bearing behaviour.

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- 12. Not a Personality Trait, but a Behaviour:** Entrepreneurship is not a born personality trait. But it emerges out of risk bearing decisions and enterprising behaviour of a person.
- 13. Based on Principles, not on Intuition:** Entrepreneurship is not based on inner feeling or intuition. Rather, it is developed through certain principles. It is improved with the knowledge of economics, sociology, psychology and various other subjects.
- 14. Result of Changes:** Entrepreneurship is not an economic event. But it grows out of social, political, technological or scientific changes taking place in the society. Peter Drucker writes, "The emergence of the entrepreneurial economy is as much a cultural and psychological as it is an economic or technological event".
- 15. Essential in Every Activity:** Entrepreneurship is needed in every walk of life such as politics, medicine, military, games and research etc. The winners of tomorrow will be the persons of enterprising nature who have the ability to bear the risk of innovative changes. Drucker says, "Entrepreneurship is by no means confined solely to economic institutions".
- 16. Environment-Oriented Activity:** Entrepreneurs always work in open environment of fast changes. They live in the age of discontinuity. They confront shattering and accelerating change a change paced by constant innovations. Tom Peter writes, "To survive and become superlative in today's economic environment there is an urgent imperative beyond excellence-it is entrepreneurship".

** Activity: (1.1)**

Activity Title: Interviewing an Entrepreneur

Material Needed: Notebook, Pen, Audio recorder (optional), List of interview questions

Activity Description:

Visit a local small business or startup and interview the owner. Ask about their journey, challenges faced, and skills that helped them succeed. Write a short report (around 300 words) summarizing their experience and your insights.

Any Other Suggestions:

Prepare interview questions beforehand. Respect the entrepreneur's time and take consent if recording.

NOTE**1.5 IMPORTANCE OF ENTREPRENEURSHIP**

Entrepreneurship is essential for the planned and balanced economic development of any country. With the development of entrepreneurship, we can solve the problems of poverty, unemployment, low living standard, low production and many other complex problems. An ideal industrial society can be established in villages, tehsils and small towns by promoting entrepreneurship. We can overcome the evils of centralization of economic power generated by large and heavy industries in metropolitan urban areas. The importance and need of entrepreneurship can be explained by the following illustrations.

- 1. Establishment of viable units:** More and more viable commercial and productive units would come up if entrepreneurs would be equipped with necessary tools, techniques and training. Untrained, lazy and uneducated entrepreneurs, would never succeed in turning/ making any industrial establishment into viable profit earning establishment. With the growth of entrepreneurship, it would be possible to optimize the use of national resources, which in turn would minimize the losses and build the confidence of the entrepreneurs. Moreover, it will reduce the burden of revival of sick units on the government.
- 2. To develop entrepreneurial tendencies:** With the planned development of entrepreneurship the spirits of entrepreneurial ability gradually grow among the individuals. Corporate sectors and government by organizing various training programmes develop the qualities of entrepreneurial abilities in individuals and tries to harness their productive capabilities. Tendency to remain busy during productive activity to achieve something purposeful leads to independent lifestyle which in turn gives birth to a rich and happy society.
- 3. To promote innovations:** Growth of entrepreneurship leads to more investment in invention, research and development. Scientific temper and commercial outlook get encouragement which leads to growth of technical knowledge in individuals. Hence innovations get new recognition in society. New method, new techniques of production replace the old methods.
- 4. Optimum utilization of Resources:** The human and natural resources such as natural wealth, minerals, raw materials etc, available in different parts, regions and areas of the country are optimally utilized. The entrepreneurs take benefit of the new research and inventions, insist on utilizing new raw materials to increase capacity of production and improve on the quality of the goods. They put maximum effort to exploit and utilize natural and

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human resources effectively to derive optimum use with efficient managerial efficiency.

5. **Increasing employment Opportunities:** Development of entrepreneurship leads to establishment of new business and commercial units which gives employment to more and more people. Local community gets employed in such manufacturing units. Under various development programmes unemployed youths gets opportunities of self-employment. Innovations further leads to expansion of the existing units which in turn creates and generates more employment opportunities. Women, too, are getting employment in this type of small and medium industries.
6. **Balanced economic development:** Development gaps that prevail in various parts, region and areas of the country are abridged (reduced) through the development of entrepreneurship. Developing countries are lagging behind in technical and development fields in comparison to developed countries of the world. Even vast gaps/ differences in development and growth can be witnessed in various parts of the same country. e.g. In India Bihar, Orissa, North East are less developed as compared to Punjab, Haryana, Maharashtra and Gujarat. Such gaps at regional and provincial levels can be bridged or narrowed down by encouraging spread of small and medium entrepreneurs.
7. **Rapid economic growth of the economy:** Entrepreneurship strengthens and builds bold and courageous tendencies among individuals. People get encouragement and their confidence in creativity grows with each success. People remain in search of new opportunities of growth that helps in establishment of new industrial and commercial units. This outlook/ spirit accelerates the economic growth which in turn takes rapid strides and the country achieves the level of full employment.
8. **Social Satisfaction:** The idea of privatization is gaining more acceptances all over the world in recent times. Government of many countries are promoting disinvestment, inviting private entrepreneurs to manage and operate public sector undertaking. This approach has increased added responsibilities on private entrepreneurs to have a modern, progressive and forward-looking outlook to address the expectations of the common people fulfilling their needs satisfactorily. With the growth of entrepreneurship new values have been created, level of social satisfaction has been increased and more utility value has been created for the benefit of the common man.

NOTE

- 9. Promote Capital Formation:** An entrepreneur is an important agent, who has the capacity to mobilize the idle saving of the public through the issues of industrial securities. Investment of public savings in industry and commerce results in productive utilization of national resources. Capital formation is a crucial problem of each and every nation. Entrepreneurs, by increasing the pace of industrial activities in the country, can increase in the capital formation which is essential for economic prosperity. Thus, the entrepreneur is the creator of wealth.
- 10. Contribution in execution of Government policies:** Entrepreneurs contribute significantly in the execution of government policies and in achieving national goals. Entrepreneurs help government to complete development plans, balancing import and export transactions and promotes in the balanced development of the country. Entrepreneur can join hands with the government in all development activities.
- 11. Means of Social Change:** An entrepreneur act as an important tool of social change. Modern inventions and scientific outlook reduce and helps in mitigating traditional beliefs. Entrepreneurship brings transformation in people's outlook. Society enters into the new environment of hard work and enterprising activities. Education and knowledge spreads. As a result, society discards outdated traditional and conservative approach to embark on a new lively result oriented scientific culture.
- 12. Minimise Socio-economic problems:** With the establishment of more and more industries and increase in commercial activities, many existing economic and social problems of the urban areas such as class conflict, social crimes, increase in refugee camps, slums, impure environment etc can be effectively addressed. Many social evils prevailing in rural areas such as dowry, drunkenness etc can be reduced and people's attention may be diverted to saving, capital formation and productive use.
- 13. Establishing self-sufficient society:** It is possible. to establish self-sufficient and self-reliant society by bringing in productive revolution in the country. A developed and educated entrepreneur, by increasing the productivity of the enterprise, can contribute both in fulfilling the needs of the community and increasing the export of materials and services. People's standard of living would improve with the increase in the employment and productivity. This will significantly hold in saving, capital formation and a mark reduction in import of goods and services.

NOTE**☑ Check Your Progress - 1.1****Very Short Answer Question****1. Define entrepreneurship.**

.....

.....

.....

2. True or False:

Entrepreneurs are always motivated by profit alone.

3. Choose the Correct Option:

Which of the following is a characteristic of a successful entrepreneur?

- A. Lack of confidence B. Risk-taking ability
C. Avoidance of innovation D. Dependence on government aid

4. Fill in the Blanks :

The process of launching and running a new business is called _____.

5. Very Short Answer Question :

Name any two types of entrepreneurs.

.....

.....

.....

1.6 SUMMARY

- 1. Core Idea:** Entrepreneurship involves creating value by starting and managing a business with innovation and risk.
- 2. Definitions:** Scholars like Schumpeter view it as systematic innovation, while Ronstadt emphasizes wealth creation.
- 3. Characteristics:** It's an economic activity focused on producing goods and services for profit.
- 4. Creativity:** Entrepreneurs introduce new ideas, products, or processes to meet market needs.
- 5. Risk-Taking:** Involves bearing uncertainties, such as financial or market risks, for potential rewards.
- 6. Organization:** Entrepreneurs coordinate resources like land, labor, and capital effectively.

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7. **Economic Growth:** Drives job creation, increases production, and boosts national income.
8. **Social Impact:** Addresses poverty, unemployment, and regional disparities through business ventures.
9. **Government Role:** Policies, tax incentives, and support systems foster entrepreneurial activity.
10. **Broad Scope:** Extends beyond business to fields like education, medicine, and social work.

1.7 GLOSSARY

- **Entrepreneurship:** The process of starting, organizing, and managing a business venture, assuming the risks and rewards.
- **Innovation:** The introduction of new ideas, products, or methods.
- **Economic Growth:** An increase in the production of goods and services in an economy.
- **Job Creation:** The generation of new employment opportunities.
- **Government Policies:** Actions taken by the government to influence the economy and business activity.
- **Support Systems:** Organizations and resources that provide assistance to entrepreneurs.
- **Resources:** Assets such as capital, labor, and raw materials used in production.
- **Productive Entrepreneurship:** Entrepreneurship that leads to the creation of valuable goods and services.
- **Tax Incentives:** Reductions in taxes to encourage specific economic activities.
- **Investment Capital Market:** A market where savings and investments are channeled between suppliers and those in need of capital.

1.8 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress – Possible One 1.1

1. Entrepreneurship is the process of starting and managing a business to make a profit while taking risks.
2. False
3. B. Risk-taking ability
4. Entrepreneurship
5. Innovative entrepreneur, Imitative entrepreneur

1.9 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/User/UnitUrls?unitId=45	

1.10 REFERENCE

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1.11 EXERCISE

Part 1

A. Multiple choice questions:

1. Joseph Schumpeter gave his definition of entrepreneurship in:

- | | |
|----------|----------|
| (a) 1930 | (c) 1959 |
| (b) 1935 | (d) 1942 |

2. Following is theory of entrepreneurship:

- | | |
|---------------------|---------------------------|
| (a) Trait theory | (c) Socio-cultural theory |
| (b) Economic theory | (d) all above |

NOTE

3. **Chief advocate of economic theory of Entrepreneurship is:**
 - (a) G.F. Papanek
 - (b) J.R. Haris
 - (c) Both a and b
 - (d) None of above
4. **G.F. Papanek gave his economic theory of entrepreneurship in:**
 - (a) 1973
 - (b) 1971
 - (c) 1962
 - (d) 1964
5. **Who did not give socio-cultural theory of entrepreneurship?**
 - (a) Thomas Cochran
 - (b) Everett Hagen
 - (c) J.R. Haris
 - (d) Albert Sheparo
6. **Who developed a theory to explain the psychological roots of entrepreneurship?**
 - (a) Joseph Schumpeter
 - (b) David McClelland
 - (c) J.R. Haris
 - (d) Everett Hagen

Answers with explanation :

1. **(a) 1930**

Explanation: Joseph Schumpeter, a pioneering economist, introduced his theory and definition of entrepreneurship in his 1930 book "The Theory of Economic Development". He emphasized the role of the entrepreneur as an innovator who drives economic development through "creative destruction."

2. **(d) all above**

Explanation: All three listed theories—Trait theory, Economic theory, and Socio-cultural theory—are well-known approaches to explaining entrepreneurship. Trait theory focuses on personality traits, Economic theory highlights economic factors, and Socio-cultural theory emphasizes social and cultural influences on entrepreneurial behavior.

3. **(c) Both a and b**

Explanation: Both G.F. Papanek and J.R. Haris are recognized for their contributions to the economic theory of entrepreneurship, which explains entrepreneurship through economic factors such as income, profit opportunities, and capital availability.

4. **(b) 1971**

Explanation: G.F. Papanek published his work on the economic theory of entrepreneurship in 1971, focusing on entrepreneurship

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as a factor of production influenced by economic incentives and constraints.

5. (c) J.R. Haris

Explanation: J.R. Haris is known for his contributions to the economic theory, not socio-cultural theory. Thomas Cochran, Everett Hagen, and Albert Sheparo are associated with socio-cultural approaches emphasizing how social and cultural environments impact entrepreneurship.

6. (b) David McClelland

Explanation: David McClelland is famous for his psychological theory of entrepreneurship, particularly his work on the “need for achievement” as a key motivator behind entrepreneurial behavior.

B. Short Answer Questions:

1. Define entrepreneurship in one or two sentences.
2. Mention any two characteristics of entrepreneurship.
3. List any two reasons why entrepreneurship is important for economic development.
4. What do you understand by the term "innovative function" in entrepreneurship?
5. Name any two types of entrepreneurial activities.

Part 2**C. Long answer type question (answer in 200 words):**

1. Explain the key characteristics of a successful entrepreneur.
2. Discuss the role of entrepreneurship in the development of society.
3. Define entrepreneurship. How is it different from traditional business?
4. Explain the economic importance of entrepreneurship with examples.
5. Describe any five essential traits an entrepreneur should possess.

Part-3**D. Long answer type question (answer in 300 words) :**

1. Define entrepreneurship and explain its various definitions as given by economists and scholars.

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2. Discuss the characteristics of entrepreneurship in detail with suitable examples.
3. What is the importance of entrepreneurship? Analyze its impact on employment generation, innovation, and national income.
4. Write a detailed note on the significance of entrepreneurship in the context of a developing country like India.
5. Elaborate on the various dimensions of entrepreneurship and explain how it contributes to individual and societal growth.

UNIT 2

PROJECT REPORT

NOTE

STRUCTURE

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Concept, Significance and Preparation
- 2.4 Preparation of a Project Report
- 2.5 Steps or Guidelines in the Preparation of a Project Report
- 2.6 Project Report - Contents and Formulation Contents of a Project Report
- 2.7 Formulation of a Project Report
- 2.8 Project Implementation
 - 2.8.1 Project Profile Report or Proforma/Format of the Project Profile
- 2.9 Summary
- 2.10 Glossary
- 2.11 Answers to check your progress
- 2.12 Suggested Readings-OER
- 2.13 References
- 2.14 Exercise

2.1 INTRODUCTION

This unit introduces the concept of a project report, a crucial document that outlines an investment proposal and guides decision-making. We will explore the purpose and significance of a project report in the entrepreneurial process, emphasizing its role as a roadmap for the enterprise. You will learn about the key components of a project report, including market analysis, technical feasibility, financial projections, and management plans. Understanding how to prepare a comprehensive project report is essential for securing funding, attracting investors, and effectively managing a business venture.

2.2 OBJECTIVES

1. **Definition:** A project report is a detailed document outlining a business's goals, feasibility.
2. **Purpose:** Acts as a roadmap for entrepreneurs and a pitch for investors or lenders.

NOTE

3. **Key Components:** Includes market analysis, financial projections, and technical details.
4. **Significance:** Ensures the project stays on track and attracts funding by proving viability.
5. **Preparation:** Starts with selecting a profitable idea based on market research.
6. **Environmental Scan:** Assesses raw material availability, labor, and regulatory requirements.
7. **Content Details:** Covers production processes, cost estimates, and marketing strategies.
8. **Financial Aspects:** Includes break-even analysis and working capital needs.
9. **Implementation:** Requires a clear timeline to avoid delays and ensure efficiency.
10. **Stakeholder Trust:** A well-prepared report builds confidence among banks and suppliers.

2.3 CONCEPT, SIGNIFICANCE AND PREPARATION

A project report is a written document pertaining to any investment proposal. It contains relevant data, on the basis of which the project has been appraised and found relevant to the entrepreneur. This project report can be shown to the bankers or other financial institutions to acquire financial assistance. The efficiency of the project is decided by other organisations and suppliers on the basis of the project report. It is also used by the entrepreneur to check if he is deviating from what was decided earlier.

A project report is prepared by an expert after detailed study and analysis of the various aspects of a project. It acts as a guide to management, especially at the initial stage to know whether the technical, commercial, financial and economic conditions are feasible or not.

Significance of Project Report

An object without a plan is a dream. The preparation of a project report is of great significance for an entrepreneur. The project report serves the two essential functions:

First and most important, the project report is like a road map. It describes the direction the enterprise is going in, what its goals are, where it wants to be and how it is going to get there. It also enables an

entrepreneur to know that he is proceeding in the right direction. Some hold the view that without well spelled out goals and operational methods/tactics, most businesses flounder on the rocks of hard times.

The second function of the project report is to attract lenders and investors. Although, it is not mandatory for the small enterprises to the project reports for various reasons. The preparation of project report prepare project reports, yet it is useful and beneficial for them to prepare is beneficial for those small enterprises which apply for financial assistance from the financial institutions and the commercial banks. It is on the basis of project report that the financial institutions make appraisal if the enterprise requires financial assistance or not. If yes, how much. Similarly, other organisations which provide various assistance such as work shed, raw material, seed/margin money, etc. are equally interested in knowing the economic soundness of the proposal. In most cases, the quality of the firm's project report weighs heavily in the decision to lend or invest funds.

2.4 PREPARATION OF A PROJECT REPORT

A project report should consist of information on economic, technical, financial, managerial and production aspects.

Before the actual preparation of project Report, the first time step an entrepreneur should take is to choose an idea. This idea should not only be good for the market, but also for the enterprise. It means that the idea selected should be viable, profitable and socially good. The idea chosen is obtained from various sources like the customers, competitors, distributors, company employees, journals, magazines and by research and development.

Later, observations have to be made with regard to the availability of raw material, labour, machinery, technology, demand in the market, etc.

The next stage is the scanning of Business Environment. The amount or quantity investment required have to be scanned. The location of the enterprise is also to be taken into consideration. The background and skill of the entrepreneur, the extent of marketing, possible chances of producing a substitute, etc should be scanned. Finally, project is to be selected for conducting a detail study, for preparing a project report.

NOTE**Activity: (2.1)**

Activity Title: Creating a Project Report Outline
Material Needed: Paper or digital device, business idea, calculator (optional)

Activity Description:

Select any business idea and draft a basic project report including name of project, objectives, market analysis, estimated cost, expected revenues, and break-even analysis.

Any Other Suggestions:

Choose a simple business idea like a bakery, stationery shop, or tuition center for easier calculations.

2.5 STEPS OR GUIDELINES IN THE PREPARATION OF A PROJECT REPORT

An entrepreneur, to get the project sanctioned has to consult the Planning Commission. There are certain guidelines given by the Planning Commission for preparing a project report. The guidelines given by the Planning Commission or the steps in the preparation of a project report can be summarised as follows.

1. **General Information-** It should contain general information regarding the company/enterprise. The project report should also contain an analysis of the industry to which the project belongs. It should contain the past performance of the industry, the priority of the industry, role of the industry, change in production over a period of time, allocation or investment of funds, choice of technique, etc.
2. **Preliminary Analysis of Alternatives-** The report should next present data on the gap between demand and supply for the outputs which are to be produced, data on the capacity that would be available from the projects are in production or under implementation at the time the report is prepared, a complete list of all existing plants in the industry, giving their capacity and level of production actually attained, a list of all projects for which letters of intents/licenses have been issued and a list of proposed projects. All options that are technically feasible should be considered at this preliminary stage. The location of the project as well as its implication should also be shown. An account of the foreign exchange requirements should also be taken. The profitability of different options should also be given. The rate of return on investment should be calculated and presented in the

report. Also, the alternative cost calculations against the returns should be presented.

3. **Project Description-** The project report should provide a brief description of the technology/process chosen for the project. Information relevant to determining optimality of the location chosen should also be included. To assist in the assessment of the environmental effects of a project, every report must present the information on specific project, i.e., population, water, air, land, flora and fauna, effects arising out of project pollution, other environmental descriptions, etc. The report should contain a list of the operational requirements of the plant, requirements of water and power, personnel, organisational structure envisaged, transport costs activity-wise phasing of construction and factors affecting it.
4. **Marketing Plan-** It should contain data on marketing plan, i.e., demand and prospective supply in each of the areas to be served. The methods and data used for making estimates of domestic supply and selection of the market areas should be presented. Estimates of the degree of price sensitivity should also be shown. It should also contain an analysis of past trends in prices.
5. **Capital Requirement and Costs-**Information on all items of costs should be carefully collected and presented. The estimates of costs should be reasonably complete and properly classified.
6. **Operating Requirements and Costs-**Operating costs are essentially those costs which are incurred after the commencement of commercial production. Information about all items of operating costs should be collected. Operating costs relate to the cost of raw materials and intermediates, fuel, utilities, labour, repair and maintenance, setting expenses and other expenses.
7. **Financial Analysis-** The purpose of this analysis is to present some measures to assess the financial viability of the project. A proforma Balance Sheet for the project data should be presented. Depreciation should be allowed for, on the basis specified by the Bureau of Public Enterprises. Foreign exchange requirements should be cleared by the Department of Economic Affairs. The report should take into account income-tax rebates for priority industries, incentives and subsidy for backward areas, accelerated depreciation, etc. The report must also analyse the sensitivity of the rate of return to changes in the level and pattern of product prices.
8. **Economic Analysis-**Social profitability analysis needs some adjustment in the data relating to the costs and returns to the

NOTE

enterprise. The enterprise should try to assess the impact of its operations on foreign trade. Indirect costs and benefits should also be included in the report. If they cannot be quantified, they should be analysed and their importance emphasised.

9. **Miscellaneous Aspects-** Other aspects relevant to the enterprise, which is collected, should also be included. For e.g. Cash flow statements, methods of accounting, use of computers or any new technology used, must be specified.

2.6 PROJECT REPORT - CONTENTS AND FORMULATION CONTENTS OF A PROJECT REPORT

There is no substitute for a well-prepared business plan or project report and also there are no shortcuts to preparing it. The more concrete and complete the business plan, the more likely it is to earn the respect of outsiders and their support in making and running an enterprise. Therefore, the project report needs to be prepared with great care and consideration. A good project report should contain the following contents:

1. **General Information:** Information on product profile and product details.
2. **Promoter:** His/her educational qualification, work experience, project related experience.
3. **Location:** Exact location of the project, lease or freehold, locational advantages.
4. **Land and Building:** Land area, construction area, type of construction, cost of construction, detailed plan and estimate along with plant layout.
5. **Plant and Machinery:** Details of machinery required, capacity, suppliers, cost, various alternatives available, cost of miscellaneous assets.
6. **Production Process:** Description of production process, process chart, technical know-how, technology alternatives available, production programme.
7. **Utilities:** Water, power, steam, compressed air requirements, cost estimates, sources of utilities.
8. **Transport and Communication:** Mode, possibility of getting, Costs.
9. **Raw Material:** List of raw material required by quality and quantity, sources of procurement, cost of raw material, tie-up

arrangements, if any, for procurement of raw material, alternative raw material, if any.

- 10. Manpower:** Manpower requirement by skilled and semi-skilled, sources of manpower supply, cost of procurement, requirement for training and its cost.
- 11. Products:** Product mix, estimated sales, distribution channels, competitions and their capacities, product standard, input-output ratio, product substitute.
- 12. Market:** End-users of product, distribution of market as local, national, international, trade practices, sales promotion devices, proposed market research.
- 13. Requirement of Working Capital:** Working capital required, sources of working capital, need for collateral security, nature and extent of credit facilities offered and available.
- 14. Requirement of Funds:** Break-up of project cost in terms of costs of land, building, machinery, miscellaneous assets, preliminary expenses, contingencies and margin money for working capital, arrangements for meeting the cost of setting up of the project.
 - a. Cost of Production and Profitability of first ten years.
 - b. Break-Even Analysis
 - c. Schedule of Implementation

☒ Check Your Progress – 2.1

1. Very Short Answer Question:

What is a project report?

.....

.....

.....

2. True or False:

A project report does not include financial estimates.

3. Choose the Correct Option:

Which of these is *not* a component of a project report?

- | | |
|-----------------------|--------------------------|
| A. Executive summary | B. Marketing strategy |
| C. Astrological chart | D. Financial projections |

4. Fill in the Blanks:

_____ analysis in a project report helps understand market size and demand.

NOTE**5. Very Short Answer Question:**

List any two financial components of a project report.

.....

.....

.....

2.7 FORMULATION OF A PROJECT REPORT

Normally, small-scale enterprises do not include sophisticated technique which is used for preparing project reports of large-scale enterprises. Within the small-scale enterprises too, all the information may not be homogeneous for all units. In fact, what and how much information will be given in the project report depends upon the size of the unit as well as nature of the production. A general set of information given in any project report is as follows-

Project formulation divides the process of project development into eight distinct and sequential stages. These stages are:

1. General Information
2. Project Description
3. Market Potential
4. Capital Costs and Sources of Finance
5. Assessment of Working Capital Requirements
6. Other Financial Aspects
7. Economic and Social Variables
8. Project Implementation.

The nature of information to be collected under each one of these stages has been given below.

General Information

The information of general nature given in the project report include the following:

- 1. Bio-data of Promoter:** Name and address of entrepreneur; the qualifications, experience and other capabilities of the entrepreneur; if these are partners, state these characteristics of all the partners individually.
- 2. Industry Profile:** A reference of analysis of industry to which the project belongs, e.g., past performance; present status, its organisation, its problems etc.

3. **Constitution and Organisation.** The constitution and organisational structure of the enterprise; in case of partnership firm, its registration with the Registrar of Firms; application for getting, Registration Certificate from the Directorate of Industries/District Industry Centre.
4. **Product Details:** Product utility, product range; product design; advantages to be offered by the product over its substitutes, if any.

Project Description

A brief description of the project covering the following aspects is given in the project report.

Site: Location of enterprise; owned or leasehold land; industrial area; No Objection Certificate from the Municipal Authorities if the enterprise location falls in the residential area.

Physical Infrastructure: Availability of the following items of infrastructure should be mentioned in the project report:

1. **Raw Material:** Requirement of raw material, whether inland or imported, sources of raw material supply.
2. **Skilled Labour:** Availability of skilled labour in the area, arrangements for training labourers in various skills.

Utilities: These include:

1. **Power:** Requirement for power, load sanctioned, availability of power.
2. **Fuel:** Requirement for fuel items such as coal, coke, oil or gas, state of their availability.
 - **Water:** The sources and quality of water should be clearly stated in the project report.
 - **Pollution Control-** The aspects like scope of dumps, sewage system and sewage treatment plant should be clearly stated in case of industries producing emissions.
 - **Communication System-** Availability of communication facilities, e.g., telephone, telex etc. should be stated in the project report.
 - **Transport Facilities-** Requirements for transport, mode of transport, potential means of transport, distances to be covered, bottlenecks etc., should be stated in the business plan.
 - **Other Common Facilities-** Availability of common facilities like machine shops, welding shops and electrical repair shops etc. should be stated in the report.

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- **Production Process-** A mention should be made for process involved in production and period of conversion from raw material into finished goods.
- **Machinery and Equipment-** A complete list of items of machinery and equipment's required indicating their size, type, cost and sources of their supply should be enclosed with the project report.
- **Capacity of the Plant-** The installed licensed capacity of the plant along with the shifts should also be mentioned in the project report.
- **Technology Selected-** The selection of technology, arrangements. made for acquiring it should be mentioned in the business plan.
- **Research and Development-** A mention should be made in the project report regarding proposed research and development activities to be undertaken in future.

Market Potential

While preparing a project report, the following aspects relating to market potential of the product should be stated in the report

1. **Demand and Supply Position-** State the total expected demand for the product and present supply position. This should also be mentioned how much of the gap will be filled up by the proposed unit.
2. **Expected Price-** An expected price of the product to be realised should be mentioned in the project report.
 - **Marketing Strategy-** Arrangements made for selling the product should be clearly stated in the project report.
 - **After-Sales Service-** Depending upon the nature of the product, provisions made for after-sales service should normally be stated in the project report.
 - **Transportation-** Requirement for transportation means indicating whether public transport or entrepreneur's own transport should be mentioned in the project report.

Capital Costs and Sources of Finance

An estimate of the various components of capital items like land and buildings, plant and machinery, installation costs, preliminary expenses, margin for working' capital should be given in the project report. The present probable sources of finance should also be stated

in the project report. The sources should indicate the owner's funds together with funds raised from financial institutions and banks.

Assessment of Working Capital Requirements

The requirement for working capital and its sources of supply should be carefully and clearly mentioned in the project report. It is always better to prepare working capital requirements in the prescribed formats designed by limits of requirement. It will minimise objections from the banker's side.

Other Financial Aspects

In order to adjudge the profitability of the project to be set up, a projected Profit and Loss Account indicating likely sales revenue, cost of production, allied cost and profit should be prepared. A projected Balance Sheet and Cash Flow Statement should also be prepared to indicate the financial position and requirements at various stages of the project. In addition to above, the Break-Even Analysis should also be presented in the project report. Break-even point is the level of production/sales where the industrial enterprise shall earn neither profit nor incur loss. In fact, it will just break even. Break-even level indicates the gestation period and the likely moratorium required for repayment of loans.

Break-even point (BEP) is calculated as follows:

$$BEP = F / (S - V) \times 100$$

where,

F= Fixed Cost

S = Sales Projected

V= Variable Costs

Thus, the break-even point so calculated will indicate at what percentage of sales, the enterprise will break even.

Economic and Social Variables

In view of the social responsibility of business, the abatement costs, i.e., the costs for controlling the environmental damage should be stated in the project. Arrangement made for treating the effluents and emissions should also be mentioned in the report.

Besides, the socio-economic benefits expected to accrue from the project should also be stated in the report itself. Following are the examples of socio-economic benefits

1. Employment Generation,
2. Import Substitution.
3. Ancillarisation.

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4. Exports.
5. Local Resource Utilization.
6. Development of the Area.

2.8 PROJECT IMPLEMENTATION

Last but no means the least, every entrepreneur should draw an implementation scheme or a time-table for his project to ensure the timely completion of all activities involved in setting up an enterprise. Timely implementation is important because if there is a delay, it causes, among other things, a project cost overrun. In India, delays in project implementation has become a common feature. Delay in project implementation jeopardises the financial viability of the project, on the one hand and props up the entrepreneur to drop the idea to set up an enterprise, on the other. Hence, there is a need to draw up an implementation schedule for the project and then to adhere to it.

Following is a simplified implementation schedule for a small project.

An Illustrative Implementation Schedule

Tasks/Months	1	2	3	4	5	6	7	8	9	10
1. Formulation of Project Report										
2. Application for Term-Loan										
3. Term-Loan Sanction										
4. Possession of Land										
5. Construction of Building										
6. Getting Power and Water										
7. Placing Order for Machinery										
8. Receipt and Installation of Machinery										
9. Manpower Recruitment										
10. Trial Production										
11. Commencement of Commercial Production										

The above schedule can be broken up into scores of specific tasks involved in setting up the enterprise. Project Evaluation and Review Technique (PERT) and Critical Path Method (CPM) can also be used to get better insights into all activities related to implementation of the project.

2.8.1 Project Profile Report or Proforma/Format of the Project Profile

1. General information :

- a. Name of Entrepreneur:
- b. Date of Birth:
- c. Project :
- d. Place of work/working place:
- e. Type of organisation:
- f. Name of unit:
- g. Address of the Entrepreneur :
- h. Proposed establishment/place of the unit:

1.1 Educational Qualifications:

Name of Examination	Year of passing	Board/ University	Main subjects	Remarks

1.2 Technical & Other special/professional Qualification:

Description	Institution	Period	Achievement

NOTE**1.3 Work Experience (Past and Present)**

Name of organisation/ Institution	Designation	Nature of work	Period

1.4 Description of any other industrial/commercial unit related with the applicant.

1.5 Caste: Scheduled Caste/Scheduled Tribe/OBC/ General.

1.6 Present occupation of the entrepreneur.

2. Description about the Product:

2.1 Product and its utility/use and quality.

2.2 Type of proposed project: manufacturing/resource development/ Services.

2.3 Production details and manufacturing process (in brief).

2.4 Objective of manufacturing/services.

S. No.	Name of Products Manufactured/ Description of nature of Services provided	Quality/ measurement/ number	Rate per pc	Total Receipts in Rupees	Any other Description s Remarks.
1.					
2.					
3.					

3. Financial aspects of the unit/ establishment:

Description of permanent assets:

3.1 Description of land and buildings:

(1) If on rent then covered area:

(2) If land and building is a part of capital investment then

(i) total required land

(ii) cost of land

(iii) expenditure on developing or making construction on land.

3.2: Description of machinery and equipment including testing/quality control and office instruments.

S.No.	Description of Machinery & instrument with specification	Number	Cost in Rupees	Total price in Rupees	Address of Suppliers
1.					
2.					
3.					
			Total=		

3.3: Other proposed expenses on permanent assets:

3.4: Description of proposed expenditure before starting operation:

3.5: Miscellaneous Expenditure: S.N. Description

S.N.	Description	Monthly	Annual
(a)	Rent of work shed (if applicable)		
(b)	Maintainance of consumable stores		
(c)	Stationery, Telephone & Postal expenses		
(d)	Maintainance and Repair		
(e)	Cartage		
(f)	Insurance		
(g)	Coveyance expenses		
(h)	Other Expenses		
	Total		

NOTE**4. Details of Working Capital:****4.1 Raw material/consumable items**

S.N.	Name of goods/ Description	Total Annual Quantity	Requirement Prices	Sources
	Total=			

4.2 Expenses on Utility

S.N.	Description	Necessity Expenditure	Total Monthly Expenditure	Total Annual	Remarks
1.	Electricity				
2.	Water				
3.	Minerals				
4.	Oil Coal				
	Total=				

4.3 Wages/salary of workers/employees

S.N	Description	Number	Salary per month	Total Monthly Salary	Total Annual Salary	Remarks
1.	Skilled workers					
2.	Semi-skilled workers					
3.	Unskilled workers					
4.	Office employees					
5.	Social emoluments (20% of the above)					
	Total=					

5. Total fixed capital

S.N.	Item	Total cost
1.	Land/Building (From item 3.1)	
2.	Machinery Instrument (From item 3.2)	
3.	Miscellaneous permanent Assets (From 3.3)	
4.	Expenses before operation of the unit (From item 3.4)	
Total=		

6. Working Capital

S.N.	Item	Period	Quantity	Rate	Total price	% of loan	Bank loan	Personal capital margin money
1.	Stock of raw materials							
2.	Semi manufactured Good							
3.	Manufactured Goods							
4.	Credit sales							
5.	One month's utility Expenses wages and salaries of workers and employee (4.2 & 4.3)							
6.	Miscellaneous Expenses of one month (From item 3.5)							
Total=								

7. Total Project Cost

S.N	Description	Total Cost
7.1	Permanent Capital investment (From item 5)	
7.2	Working Capital (From item 6)	
	Grand Total=	

NOTE**8. Proposed Financial source for project**

S.N.	Description	Amount	Remark
1.	Fixed loan		
2.	Working Capital Loan		
3.	Self-money/ Capital		
4.	Other sources		

1. Annual production Cost

S.N.	Description	Remarks
1.	Total cost on annual working Capital	
2.	Total annual interest an loan fixed loan & working capital loan other type of loan e.g. Soft loans if any	
3.	depreciation on permanent assets (Working place, plant, machinery etc per annum)	
	Total production cost=	

2. Profitability analysis

1.	Gross Annual income/profit (Total receipt Annual production cost)	
2.	Gross monthly profit (Divide above by 12)	
3.	Breakeven point	$\text{Definite Cost} \times 100 / \text{Definite Cost} + \text{Profit}$
4.	% age of profit on total sales	$\text{Profit} \times 100 / \text{Total Sales}$
5.	%age of profit on total capital investment	$\text{Profit} \times 100 / \text{Total Project Cost}$
6.	Annual Net Profit (Gross Annual Profit - Income Tax) =	

3. Name and Address of Machinery and Equipment Suppliers

1.				
2.				
3.				

4. Name and Address of Raw Material Suppliers

1.	
2.	
3.	
4.	

2.9 SUMMARY

1. **Definition:** A project report is a detailed document outlining a business's goals, feasibility.
2. **Purpose:** Acts as a roadmap for entrepreneurs and a pitch for investors or lenders.
3. **Key Components:** Includes market analysis, financial projections, and technical details.
4. **Significance:** Ensures the project stays on track and attracts funding by proving viability.
5. **Preparation:** Starts with selecting a profitable idea based on market research.
6. **Environmental Scan:** Assesses raw material availability, labor, and regulatory requirements.
7. **Content Details:** Covers production processes, cost estimates, and marketing strategies.
8. **Financial Aspects:** Includes break-even analysis and working capital needs.
9. **Implementation:** Requires a clear timeline to avoid delays and ensure efficiency.
10. **Stakeholder Trust:** A well-prepared report builds confidence among banks and suppliers.

2.10 GLOSSARY

- **Project Report:** A comprehensive document that outlines an investment proposal, detailing the project's objectives, feasibility, and financial projections.
- **Investment Proposal:** A plan or recommendation for investing resources in a particular project or venture.
- **Market Analysis:** The process of evaluating the market for a product or service, including demand, competition, and trends.
- **Technical Feasibility:** An assessment of the technical resources and capabilities required to successfully complete a project.
- **Financial Projections:** Estimates of future financial performance, including revenue, expenses, and profitability.
- **Management Plans:** Strategies and procedures for organizing, leading, and controlling a project or business.
- **Funding:** The act of providing financial resources to finance a need, project, or business.

NOTE

- **Roadmap:** A plan or strategy intended to achieve a particular goal.
- **Commercial Viability:** The capability of a business to generate profit.
- **Economic Conditions:** The present state of the economy

2.11 ANSWERS TO CHECK YOUR PROGRESS**Check Your Progress – Possible One – 2.1**

1. A document outlining the objectives, plans, and strategies of a proposed business venture.
2. False
3. C. Astrological chart
4. Market
5. Cost estimates, Revenue projections

2.12 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/UnitUrls?unitId=46	

2.13 REFERENCES

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2.14 EXERCISE

Part 1

A. Multiple Choice Question

1. Which of the following is NOT a purpose of preparing a project report?
 - a) To attract investors
 - b) To evaluate project feasibility
 - c) To calculate income tax
 - d) To seek financial assistance
2. Which of the following is an essential component of a project report?
 - a) Personal biography of the entrepreneur
 - b) Project background and objectives
 - c) Daily routine of the staff
 - d) Weather forecast
3. Which step comes first in the preparation of a project report?
 - a) Financial planning
 - b) Market analysis
 - c) Executive summary
 - d) Project idea generation
4. What is a 'Project Profile Report'?
 - a) A legal document for company registration
 - b) A technical drawing of the factory layout
 - c) A concise summary of key aspects of the project
 - d) A report on employee performance
5. Which of the following is typically included in the financial section of a project report?
 - a) Location map
 - b) Break-even analysis
 - c) Promotional strategies
 - d) Employee vacation list

Answers with explanation

1. **c)** To calculate income tax
Explanation: Project reports are not primarily used for calculating income tax. They are mainly used for evaluating feasibility, attracting investment, and securing finance.
2. **b)** Project background and objectives
Explanation: Every project report must include the background and objectives to justify the need and goals of the project.
3. **d)** Project idea generation

NOTE

Explanation: The very first step is generating and selecting a viable project idea.

4. c) A concise summary of key aspects of the project

Explanation: A Project Profile Report provides an overview including objectives, financials, and implementation plan.

5. b) Break-even analysis

Explanation: The financial section covers capital requirement, sources of funds, and break-even analysis.

B. Short Answer Questions:

1. What is a project report?
2. Why is the preparation of a project report important?
3. Name any three contents of a project report.
4. What is meant by project implementation?
5. What information is typically included in a project profile report?

Part 2

C. Long answer type question (answer in 200 words) :

1. Explain the significance of preparing a project report in detail.
2. Discuss the main steps involved in the preparation of a project report.
3. Describe the contents of a project report and explain how it is formulated.
4. What is project implementation? Explain its key aspects and importance.
5. Elaborate on the format or proforma of a project profile report.

Part 3

D. Long answer type question (answer in 300 words) :

1. Discuss comprehensively the concept, significance, and detailed process of preparing a project report. Include the guidelines to be followed during preparation.
2. Analyze the contents of a project report and explain the method of formulation. How do these contents assist in project planning and decision-making?

3. Explain the entire process of project implementation. What challenges might arise during implementation, and how can they be managed?
4. Describe in detail the project profile report or proforma. How is this report useful for entrepreneurs and financial institutions?
5. Critically evaluate the role of a well-prepared project report in the success of a project. Support your answer with examples or case studies if possible.

UNIT 3

PROJECT APPRAISAL

STRUCTURE

- 3.1 Introduction
- 3.2 Objectives
- 3.3 Concept of Project Appraisal
- 3.4 Methods of Project Appraisal
- 3.5 Summary
- 3.6 Glossary
- 3.7 Answers to check your progress
- 3.8 Suggested Readings-OER
- 3.9 References
- 3.10 Exercise
- 3.11 Feedback Form

3.1 INTRODUCTION

This unit focuses on project appraisal, the process of evaluating the feasibility and viability of a proposed project. We will explore the various methods and techniques used to assess a project's potential from different perspectives, including economic, financial, technical, and managerial. You will learn how to analyze costs and benefits, evaluate risks, and make informed decisions about whether to proceed with a project. Understanding project appraisal is crucial for ensuring that resources are allocated efficiently and that business ventures have a higher chance of success.

3.2 OBJECTIVES

1. Define project appraisal and list the different aspects that are analyzed.
2. Explain the various methods of project appraisal.
3. Apply basic project appraisal techniques to evaluate a simple business proposal.
4. Compare and contrast different project appraisal methods, considering their advantages and disadvantages.
5. Assess the overall feasibility and viability of a project based on a comprehensive appraisal.

NOTE**3.3 CONCEPT OF PROJECT APPRAISAL****Concept of Project Appraisal**

Simply speaking, project appraisal means the assessment of a project. Project appraisal is made for both proposed and executed projects. In case of former, project appraisal is called 'ex-ante analysis' and in case of latter 'post-ante analysis'. Here, project appraisal relates to a proposed project.

Project appraisal is a costs and benefits analysis of different aspects of proposed project with an objective to adjudge its viability. A project involves employment of scarce resources. An entrepreneur needs to appraise various alternative projects before allocating the scarce resources for the best project. Thus, project appraisal helps select the best project among available alternative projects. For appraising a project, its economic, financial, technical, market, managerial and social aspects are analysed. Financial institutions do project appraisal to assess its credit-worthiness before extending finance to a project. For a financial institution, project appraisal is a process whereby a leading financial institution makes an independent and objective assessment of the various aspects of an investment proposition for arriving at a financial decision and is aimed at determining the viability of a project and sometimes, also in modifying its scope and content so as to improve its viability. However, sometimes project appraisal and project evaluation are used interchangeably.

☑ Check Your Progress – 3.1**1. Very Short Answer Question :**

What is project appraisal?

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.....

2. True or False :

Project appraisal only considers financial aspects.

3. Choose the Correct Option :

Which of the following is a method of project appraisal?

- | | |
|----------------------------|---------------------------|
| A. SWOT analysis | B. PERT chart |
| C. Net Present Value (NPV) | D. Time travel simulation |

4. Fill in the Blanks :

The process of evaluating a proposed project to determine its viability is called _____.

5. Very Short Answer Question :

Name two types of project appraisal techniques.

.....

.....

.....

3.4 METHODS OF PROJECT APPRAISAL

Appraisal of a proposed project includes the following analyses:

1. Economic Analysis
2. Financial Analysis
3. Market Analysis
4. Technical Feasibility
5. Managerial Competence

These are discussed in turn.

1. Economic Analysis

Under economic analysis, the aspects highlighted include requirements for raw material, level of capacity utilization, anticipated sales, anticipated expenses and the probable profits. It is said that a business should have always a volume of profit clearly in view which will govern other economic variables like sales, purchases, expenses and alike. It will have to be calculated how much sales would be necessary to earn the targeted profit. Undoubtedly, demand for the product will be estimated for anticipating sales volume. Therefore, demand for the product needs to be carefully spelled out as it is, to a great extent, deciding factor of feasibility of the project concern.

In addition to above, the location of the enterprise decided after considering a gamut of points also needs to be mentioned in the project. The Government policies in this regard should be taken into consideration. The Government offers specific incentives and concessions for setting up industries in notified backward areas. Therefore, it has to be ascertained whether the proposed enterprise comes under this category or not and whether the Government has already decided any specific location for this kind of enterprise.

NOTE**2. Financial Analysis**

Finance is one of the most important pre-requisites to establish an enterprise. It is finance only that facilitates an entrepreneur to bring together the labour of one, machine of another and raw material of yet another to combine them to produce goods. In order to adjudge the financial viability of the project, the following aspects need to be carefully analysed:

1. Assessment of the financial requirements both-fixed capital and working capital need to be properly made. You might be knowing that fixed capital normally called 'fixed assets' are those tangible and material facilities which purchased once are used again and again. Land and buildings, plants and machinery are the familiar example of fixed assets/ capital. The requirement for fixed assets/capital will vary from enterprise to enterprise depending upon the type of operation, scale of operation and time when the investment is made. But, while assessing the fixed capital requirements, all items relating to the asset like the cost of the asset, architect and engineer's fees, electrification and installation charges (which normally come to 10 per cent of the value of machinery), depreciation, preparation expenses of trial runs, etc., should be duly taken into consideration. Similarly, if any expense is to be incurred in remodelling, repair and additions of buildings should also be highlighted in the project report.
2. In accounting, working capital means excess of current assets over current liabilities. Current assets refer to those assets which can be converted into cash within a period of one week. Current liabilities refer to those obligations which can be payable within a period of one week. In short, working capital is that amount of funds which is needed in day today's business operations. In other words, it is like a circulating money changing from cash to inventories and from inventories to receivables and again converted into cash. This circle goes on and on. Thus, working capital serves as a lubricant for any enterprise, be it large or small. Therefore, the requirements of working capital should be clearly provided for. Inadequacy of working capital may not only adversely affect the operation of the enterprise but also bring the enterprise to a grinding halt. The activity level of an enterprise expressed as capacity utilization needs to be well spelled out. However, the enterprise sometimes fails to achieve the targeted level of capacity due to various business vicissitudes like unforeseen shortage of raw material, unexpected disruption in power supply, inability to penetrate the market mechanism, etc. Then, a question arises to what extent an enterprise should continue its production to

meet all its obligations/liabilities. 'Break-even analysis' gives an answer to it. In brief, breakeven analysis indicates the level of production at which there is neither profit nor loss in the enterprise. This level of production is, accordingly, called 'break-even level'.

3. Market Analysis

Before the production actually starts, the entrepreneur needs to anticipate the possible market for the product. He/she has to anticipate who will be the possible customers for his product and where and when his product will be sold. This is because production has no value for the producer unless it is sold. It is said that if the proof of pudding lies in eating, the proof of all production lies in marketing/ consumption. In fact, the potential of the market constitutes the determinant of probable rewards from entrepreneurial career.

Thus, knowing the anticipated market for the product to be produced becomes an important element in every business plan. The various methods used to anticipate the potential market, what is named in 'Management, Economics' as 'demand forecasting', range from the naive to sophisticated ones. The commonly used methods to estimate the demand for a product are as follows:

1. Opinion Polling Method: In this method, the opinions of the ultimate users, i.e. customers of the product is estimated. This may be attempted with the help of either a complete survey of all customers (called, complete enumeration) or by selecting a few consuming units out of the relevant population (called, sample survey).

(a) Complete Enumeration Survey: In this survey, all the probable customers of the product are approached and their probable demands for the product are estimated and then summed. Estimating sales under this method is very simple. It is obtained by simply adding the probable demands of all customers. An example should make it clear.

Suppose, there are total N customers of X product and everybody will demand for D numbers of it. Then, the total anticipated demand will be:

$$\sum_{i=1}^N D_i$$

Though the principle merit of this method is that it obtains the first-hand and unbiased information, yet it is beset with some disadvantages also. For example, to approach

NOTE

a large number of customers scattered all over market becomes tedious, costly and cumbersome. Added to this, the consumers themselves may not divulge their purchase plans due to the reasons like their personal as well commercial/business privacies.

- (b) Sample Survey:** Under this method, only some number of consumers out of their total population is approached and data on their probable demands for the product during the forecast period are collected and summed. The total demand of sample customers is finally blown up to generate the total demand for the product. Let we explain it with an example.

Imagine, there are 1000 customers of a product spread over the market. Out of these, 50 are selected for survey using stratified method. Now, if the estimated demand of these sample customers is D_i , Le., it refers to 1 2 3 4 50, the total demand for the entire group of customers will

50

$$\sum n_i D_i = n_1 D_1 + n_2 D_2 + n_3 D_3 + \dots + n_{50} D_{50}$$

where n_i is the number of customers in group i , and $n_1 + n_2 + n_3 + \dots + n_{50} = 1000$.

But, if all the 1000 customers of the group are alike, then the selection may be done on a random basis and total demand for the group will be:

$$(D_1 + D_2 + D_3 + D_4 + \dots + D_{50}) \times 1000/50$$

No doubt, survey method is less costly and tedious than the complete enumeration method.

- (c) Sales Experience Method:** Under this method, a sample market is surveyed before the new product is offered for sale. The results of the market surveyed are then projected to the universe in order to anticipate the total demand for the product.

In principle, the survey market should be the true representative of the national market which is not always true. Suppose, if Bombay is selected as a sample market, it may not be a true representative of a small place, say Silchar simply because the characteristic features of Bombay are altogether different from those of a small town like Silchar. Again, if we select Agra as a sample market, sales in Agra would be influenced by the size of the floating tourists population throughout the year.

(d) Vicarious Method: Under the vicarious method, the consumers of the product are not approached directly but indirectly through some dealers who have a feel of their customers. The dealers' opinions about the customers' opinion are elicited. Being based on dealers' opinions, the method is bound to suffer from the bias on the part of the dealers. Then, the results derived are likely to be unrealistic. However, these hang-ups are not avoidable.

2. Life Cycle Segmentation Analysis: It is well established that like a man, every product has its own life span. In practice, a product sells slowly in the beginning. Backed by sales promotion strategies over period, its sales pick up. In the due course of time, the peak sale is reached. After that point, the sales begins to decline. After some time, the product loses its demand and dies. This is natural death of a product. Thus, every product passes through its 'life cycle'. This is precisely the reason why firms go for new products one after another to keep the firm alive.

Based on above, the product life cycle has been divided into the following five stages:

1. Introduction
2. Growth
3. Maturity
4. Saturation
5. Decline

Considering the above five stages of a product life cycle, the sales at different stages can be anticipated.

4. Technical Feasibility

While making project appraisal, the technical feasibility of the project also needs to be taken into consideration. In the simplest sense, technical feasibility implies to mean the adequacy of the proposed plant and equipment to produce the product within the prescribed norms. As regards know-how, it denotes the availability or otherwise of a fund of knowledge to man the proposed plants and machinery. It should be ensured whether that know-how is available with the entrepreneur or is to be procured from elsewhere. In the latter case, arrangement made to procure it should be clearly checked up. If project requires any collaboration, then, the terms and conditions of the collaboration should also be spelt out comprehensively and carefully. In case of foreign technical collaboration, one needs to be aware of the legal provisions in force from time to time specifying the list of products for which only such collaboration is allowed under specific terms and conditions. The entrepreneur, therefore, contemplating for

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foreign collaboration should check these legal provisions with reference to their projects.

While assessing the technical feasibility of the project, the following inputs covered in the project should also be taken into consideration:

1. Availability of land and site.
2. Availability of other inputs like water, power, transport, communication facilities.
3. Availability of servicing facilities like machine shops, electric. repair shop, etc.
4. Coping with anti-pollution law.
5. Availability of work force as per required skill and arrangements proposed for training-in-plant and outside.
6. Availability of required raw material as per quantity and quality.

5. Managerial Competence

Management ability or competence plays an important role in making an enterprise a success or otherwise. Strictly speaking, in the absence of managerial competence, the projects which are otherwise feasible may fail. On the contrary, even a poor project may become a successful one with good managerial ability. Hence, while doing project appraisal, the managerial competence or talent of the promoter should be taken into consideration. Research studies report that most of the enterprises fail because of lack of managerial competence or mismanagement. This is more so in case of small-scale enterprises where the proprietor is all in all, i.e., owner and manager. Due to his one-man show, he may be jack of all but master of none.



Activity : 3.1

Title: Mock Project Appraisal

Material Needed: Business idea, calculator, paper/digital spreadsheet

Activity Description:

Select a small business idea and carry out a basic project appraisal.

Evaluate technical feasibility, market potential, and financial viability.

Write a short appraisal report.

Any Other Suggestions:

Refer to examples of existing businesses like a food truck, gym, or tailoring shop to make it relatable.

3.5 SUMMARY

1. **Purpose:** Evaluates a project's feasibility before committing resources.
2. **Technical Feasibility:** Checks if the technology and infrastructure support the project.
3. **Financial Viability:** Analyzes costs, returns, and funding to ensure profitability.
4. **Market Feasibility:** Assesses demand, competition, and pricing potential.
5. **Economic Analysis:** Considers social benefits like job creation and local development.
6. **Risk Evaluation:** Identifies potential challenges and mitigation strategies.
7. **Decision-Making:** Helps entrepreneurs decide whether to proceed or revise plans.
8. **Stakeholder Assurance:** Provides banks and investors confidence in project success.
9. **Process:** Involves detailed scrutiny of all project aspects by experts.
10. **Outcome:** Minimizes resource wastage and enhances project success rates.

3.6 GLOSSARY

- **Project Appraisal:** The process of evaluating the feasibility and viability of a proposed project to determine its potential for success.
- **Feasibility:** The state or capability of being easily or conveniently done
- **Viability:** The capacity to develop and survive financially.
- **Cost-Benefit Analysis:** A systematic approach to estimating the strengths and weaknesses of alternatives.
- **Risk Assessment:** The process of identifying, analyzing, and evaluating potential risks.
- **Economic Analysis:** The evaluation of a project's impact on the overall economy.
- **Financial Analysis:** The evaluation of a project's financial performance and viability.
- **Technical Analysis:** The evaluation of the technical feasibility and requirements of a project.

NOTE

- **Managerial Analysis:** The evaluation of the management team's capabilities and experience.
- **Scarce Resources:** Limited availability of resources

3.7 ANSWERS TO CHECK YOUR PROGRESS**Check Your Progress – Possible One- 3.1**

1. It is the process of evaluating a project's feasibility and potential for success.
2. False
3. C. Net Present Value (NPV)
4. Project appraisal
5. Financial appraisal, Technical appraisal

3.8 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/User/UnitUrls?unitId=47	

3.9 REFERENCES

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3.10 EXERCISE

Part-1

A. Multiple Choice Question:

1. What is the primary objective of project appraisal?

- | | |
|---|--------------------------------|
| a) To estimate project cost | c) To prepare a project report |
| b) To evaluate the feasibility and profitability of a project | d) To implement the project |

2. Which of the following is NOT a method of project appraisal?

- | | |
|----------------------------|----------------------------------|
| a) Payback Period | c) SWOT Analysis |
| b) Net Present Value (NPV) | d) Internal Rate of Return (IRR) |

3. In project appraisal, what does the Payback Period method primarily measure?

- | | |
|--|---|
| a) The total profit from a project | c) The present value of future cash flows |
| b) The time required to recover the initial investment | d) The overall risk of the project |

4. Which step is NOT usually included in the preparation of a project report?

- | | |
|--------------------------------|--------------------------|
| a) Market analysis | c) Random guesswork |
| b) Technical feasibility study | d) Financial projections |

5. What is the role of a Project Profile Report?

- | | |
|---|---|
| a) It provides detailed technical specifications only | c) It contains legal agreements of the project |
| b) It gives a brief overview and summary of the project for quick understanding | d) It is used only after project implementation |

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Answer with explanation:

1. **b)** To evaluate the feasibility and profitability of a project

Explanation: The main goal of project appraisal is to assess whether a project is viable, feasible, and profitable before committing resources.

2. **c)** SWOT Analysis

Explanation: SWOT analysis is a strategic planning tool, not a financial method used in project appraisal.

3. **b)** The time required to recover the initial investment

Explanation: Payback Period calculates how long it takes for the project to return the original investment.

4. **c)** Random guesswork

Explanation: Project reports are based on detailed, systematic analysis and not guesswork.

5. **b)** It gives a brief overview and summary of the project for quick understanding

Explanation: A Project Profile Report is a concise document summarizing key aspects of the project to inform stakeholders quickly.

B. Short Answer Questions:

1. Define project appraisal.
2. Name three methods of project appraisal.
3. What is the importance of preparing a project report?
4. List two contents of a project report.
5. What is meant by project implementation?

Part 2

C. Long answer type question (answer in 200 words) :

1. Define project appraisal.
2. Name three methods of project appraisal.
3. What is the importance of preparing a project report?
4. List two contents of a project report.
5. What is meant by project implementation?

Part-3**D. Long answer type question (answer in 300 words) :**

1. Define project appraisal.
2. Name three methods of project appraisal.
3. What is the importance of preparing a project report?
4. List two contents of a project report.
5. What is meant by project implementation?

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AISECT Group of Universities

SLM FEEDBACK FORM



PROGRAMME : _____

COURSE : _____

BLOCK : _____

UNIT : _____

Dear Student,

While studying the units of this block, you may have found certain portions of the text difficult to comprehend. We wish to know your difficulties and suggestions, in order to improve the course. Therefore, we request you to fill up and send us the following questionnaire, which pertains to this block. If you find the space provided insufficient, kindly use a separate sheet.

Please mail to aisectcontent@aisect.org/ for online submission please scan QR code:

Questionnaire

1. Name : _____

2. Enrolment No. :

--	--	--	--	--	--	--	--	--	--	--

3. How many hours did you need for studying the units? :

--

4. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific Examples (If poor)
Presentation Quality					
Language and Style					
Illustrations					
Used (diagrams, tables, etc.)					
Conceptual Clarity					
Check Your Progress Questions					
Suggested Readings - OER					

5. Any other comments:

Block II	Support Systems and Growth in Madhya Pradesh	57-162
Unit 4	Regulatory Institutions	59
Unit 5	Promotional Institutions	79
Unit 6	Self-Employment Oriented Schemes	95
Unit 7	Various Subsidies and Schemes	113
Unit 8	Women Entrepreneurs	125
Unit 9	Other Schemes of M.P. Government	145



Entrepreneurship does not thrive in isolation—it requires the support of regulatory bodies, promotional institutions, and access to government schemes. Block 2 focuses on understanding the structural support available to entrepreneurs in Madhya Pradesh. The block opens with an overview of regulatory institutions such as the District Industries Centres (DICs), Pollution Control Boards, and the Food and Drug Administration, emphasizing their roles in ensuring compliance, sustainability, and quality control. It then explores the promotional landscape, highlighting key institutions like MPFC, KVIC, and Mahila Arthik Vikas Nigam that provide financial aid, training, and business promotion services. In the final segment, learners explore self-employment-oriented schemes launched by both the central and state governments aimed at youth, women, SC/ST groups, and rural entrepreneurs. Through real-life applications and policy-based discussions, this block strengthens the learner's ability to navigate institutional networks and apply for schemes that support business growth and self-employment.

UNIT 4

REGULATORY INSTITUTIONS

STRUCTURE

- 4.1 Introduction
- 4.2 Objectives
- 4.3 District Industries Centre (DIC)
 - 4.3.1 Qualities of District Industries Centre (DIC)
- 4.4 Objectives of District Industries Centre (DIC)
- 4.5 Need and importance of DICs
- 4.6 Activities of DICs
- 4.7 Structure & Organisation of DICS
 - 4.7.1 Shortcomings & Problems Affecting the DICS
 - 4.7.2 Suggestions for Success
- 4.8 MP Pollution Control Board
 - 4.8.1 Procedure for Food Licence/Drug Licence
- 4.9 Procedure for Receiving the Electrical Connection from Department for the Unit
- 4.10 Entrepreneurship & the Role of Municipal Corporation
- 4.11 Summary
- 4.12 Glossary
- 4.13 Answers to check your progress
- 4.14 Suggested Readings-OER
- 4.15 Exercise

4.1 INTRODUCTION

This unit provides an overview of the key regulatory institutions that entrepreneurs in Madhya Pradesh need to be aware of. We will explore the roles and functions of institutions such as the District Industries Centre (DIC), the MP Pollution Control Board, and the Food & Drug Administration. You will learn about the regulations and procedures related to setting up and operating a business, including licensing, environmental compliance, and food safety standards. Understanding these regulatory requirements is essential for entrepreneurs to ensure compliance and avoid legal issues.

4.2 OBJECTIVES

1. Identify the main regulatory institutions relevant to entrepreneurs in Madhya Pradesh.
2. Explain the roles and functions of the District Industries Centre, MP Pollution Control Board, and Food & Drug Administration.
3. Describe the procedures for obtaining necessary licenses and permits.
4. Analyze the impact of regulatory policies on business operations.
5. Assess the effectiveness of regulatory institutions in supporting entrepreneurship.

4.3 DISTRICT INDUSTRIES CENTRE

District Industries Centre (DIC) is a district level institution that provides the necessary facilities, means and aid to all the small industries and entrepreneurs of the district. These facilities include the facilities related to finance and credit, raw material, licensing, plant and machinery, technical consultancy, marketing of the finished goods, various government concessions etc. These facilities are given prior to, at the time of and after the appropriation. As these facilities are made available to the entrepreneur under one roof. This process is called 'One Window Concept'.

According to Mr Vasant Desai – “DIC is a district level institution which provides all the services and facilities from a single place in order to enable the entrepreneurs to establish their small and cottage industries”.

According to Dr MN Upadhyay - "DIC means an organization that provides all the services and facilities to the entrepreneurs from a single place only".

So it is clear that, "DIC is a district level institution which provides all the facilities, means and aids under one roof so as to set up and develop all the small and cottage industries in the district. DIC is an organization that links with various institutions viz. Finance Corporation, Industrial Development Corporation, Directorate of Industries. Mineral Development Corporation, Small Industries Corporation, Khadi & Village Industries Board, MPEB, which Provide different facilities to the industries. Thus all the necessary facilities are made available to the entrepreneurs through these agencies under one roof".

NOTE**4.3.1 Qualities of DICS**

1. **District level Institution** - A DIC is established at the district level and its administrative set-up is put up at a prominent place in the district HQ. It provides the requisite establishment & development facilities to all the small industries in the district.
2. **Nodal Agency** - Offices of various departments, institutions and the corporations are set up in the administrative building of the DIC itself thereby facilitating the process of providing the necessary facilities to the entrepreneurs under a single roof.
3. **Co-ordinating Agency** - DIC is a co-ordinating agency that forges effective links with all the concerned departments at the district level.
4. **Govt. Institution** - DICs are set up by the State Governments with the help from the Central Govt. under its Plan.
5. **Supporting Role** - Central objective of all the DICs is to provide the necessary establishment & development facilities to all the upcoming small industries in the district.
6. **Implementation of Govt. Programmes** - DICS function as an implementing unit for all the Central Govt. programmes like rural programme, self-employment scheme etc. Thus they play a vital role in making all these programmes a success.

4.4 OBJECTIVES OF THE DICS

The DICS have been established to fulfil the following objectives-

1. Development of small & cottage industry.
2. To provide all the necessary facilities through a single window to small, rural & cottage industries prior to, at the time of and after the appropriation.
3. To implement industrial policies of the govt at the district level.
4. Scouting the budding & buzzing entrepreneurs.
5. To promote industrialization in the rural areas.
6. To prepare a development programme of the district on the basis of industrial potential and the availability of the local resources.
7. To provide various facilities to the small and cottage industries such as finance, land, building, raw material, machinery and marketing of the finished products.
8. To arrange industrial training for the small entrepreneurs.
9. To promote handicraft industries in villages.

10. To provide the necessary guidance to the upcoming entrepreneurs in preparation of project proposals.
11. To develop necessary infrastructure like roads, power, water supply, transportation etc.
12. To revive the sick units.
13. To contribute while making various government programmes for industrial development a success.
14. To augment employment opportunities in the district.
15. To establish 'District Industrial Bureau' at the district level in order to make the necessary literature and information available to the entrepreneurs.
16. To coordinate between various departments and institutions functioning at the district level.

4.5 NEED AND IMPORTANCE OF DICS

The need and importance of DICS can be underlined with respect to the following points;

1. **Industrial Development of the District** - By establishing new industries DICS create employment opportunities and utilise the local resources thereby facilitating the income generation in the district. This makes that particular district more prosperous.
2. **Balanced Development of the District** - DICS come handy in doing the economic survey in their districts so as to enable the assessment of the industrial potential of the district. They also make development plans according to the needs of the district.
3. **Building the Infrastructure** - DICS get the industrial areas constructed in their districts and endeavour to get the roads, logistics, communication systems, power, water supply, banks etc built in their district.
4. **Development of the Entrepreneurs** - DICS facilitate the process of bringing the new entrepreneurs to the fore. By furthering necessary facilities, resources & guidance they encourage the entrepreneurs to set up their industries in the district.
5. **Development of the Weaker Sections** - DICS help in generating employment opportunities for the backward classes, physically handicapped people & weaker sections of the society. By giving them requisite loans DICS help these groups to establish their small units.

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- 6. Promotion of Handicrafts** - By providing necessary support to the rural artisans DICS promote the setting up of the handicraft industry.
- 7. Aid to Sick Units** - Many a small unit are rehabilitated with the help of DICS. In this, the necessary help is given to the units rendered sick due to mismanagement in order to remove the scourge of Industrial Sickness.
- 8. Implementation of the State Enterprises** - Government can implement its industrial & financial plans through these centres.

**Activity: (4.1)**

Title: Mapping Local Regulatory Institutions

Material Needed: Pen, notebook, internet access or local government directory

Activity Description:

Prepare a list of regulatory bodies active in your district or state (e.g., District Industries Centre, Pollution Control Board). Describe the primary function of at least three institutions related to business.

Any Other Suggestions:

You may visit official websites or contact local offices for updated information.

4.6 ACTIVITIES OF THE DICS

All the activities performed by the DICS could be clubbed under these categories:

- I. Developmental Activities** - DICS perform various activities in order to establish, develop & maintain the industries in their district. They promote creation of employment, income generating activities & wealth creating enterprises in their districts. The developmental works rendered by DICS are:
 1. To assess the industrial framework & economic status of the district by surveying. They prepare a work plan for the district by collating data from different sources.
 2. To analyse local resources of the district such as land, water, minerals, power generating sources, labour, transportation, communication potential etc.
 3. Scouting new entrepreneurs & developing them.
 4. To study the ancillary industry of the district.

5. To build industrial areas & to create the necessary infrastructure.
6. To prepare potential report of the industries.
7. To arrange the requisite technical know-how & training for the entrepreneurs.
8. To arrange loans from banks & the financial institutions.
9. To establish the centres for raw material & public utilities.
10. Make marketing programme for the finished goods.

II. Administrative Functions - DICs also perform various management functions for the industries in their districts. Some of the important functions are:

1. To do & renew the provisional & permanent registration of the small industries of the district.
2. Distribution of the basic resources - land, raw material etc.- for the industries.
3. Provide grants & credits to industry.
4. To do the necessary things for the implementation of the development plans for the industries.
5. To identify problems encountered by entrepreneurs & make efforts to resolve them..
6. To organise industrial camps & seminars/conferences.
7. Short-list entrepreneurs under the self-employment programme & recommend their names to banks for credit.
8. To maintain linkages & co-ordination with various agencies, departments & institutions related to industries.
9. Identify sick units & do the needful for their revival.
10. Dissemination of information related to establishment of an industry through exhibition, conferences, and other media.

III. Miscellaneous Works

1. To help framing project proposals for setting up an industry.
2. To provide technical & managerial guidance.
3. Help getting financial support.
4. Make available the information related to govt. rules & schemes.
5. To resolve marketing problems of entrepreneurs.
6. Help implementing the industrial policy.

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7. To arrange for training, credit & grants for the weaker sections of the society
8. To preserve handicraft skills by providing various helps to craftsmen.
9. To eliminate problems & impediments faced by entrepreneurs.
10. Help entrepreneurs in carrying out the necessary facilities.

4.7 STRUCTURE & ORGANISATION OF DICS

DICS are functionally under the Directorate of Industries. The highest authority of every DIC is GM. Seven functional managers work under GM.

1. Manager (Economic Survey),
2. Manager (Establishment).
3. Manager (Consultancy),
4. Manager (Credit),
5. Manager (Raw Material & Marketing),
6. Manager (Technical, Machinery & Training),
7. Manager (Khadi & Rural).

All the managers' report to GM. It is well under the jurisdiction of State Govt. to increase or decrease the number of managers. In Feb. 1981, Central Govt. decided to limit the number of functional managers to 4 instead of previous seven, in the following manner

1. Economic Survey,
2. Credit,
3. Village & Cottage Industry,
4. Raw Material/Training/Marketing/Infrastructure Services.

Apart from the aforementioned functional heads, there is a provision for appointing 3 Project Officers (At Max 3), District Industries Officers (At Max 5) and Industrial Empowerment Officer at each block & other assisting personnel as per the requirements of specific DIC.

4.7.1 Shortcomings & Problems Affecting the DICS

1. **Dominance of the Bureaucracy** - The administrative posts of these centres are filled through deputation of the officials from Administrative Services thereby creating a dominance of bureaucrats.
2. **Financial Paucity** - These centres are not able to muster timely finances for the small industries. Moreover, the approved finances are generally too meagre.

3. **Lack of Personnel** - These centres almost always suffer from want of competent & trained staff & officers. Hence, their functioning also suffers.
4. **Lack of Co-ordination-** Notwithstanding their role as a co-ordinating one, they do not seem to strike the rapport with the concerned agencies & departments involved.
5. **Lack of Effective Control-** Their goals are generally not explicitly set forth. As a result their activities cannot be controlled to the effect.
6. **Not Having Sufficient Authority** - Officers at these centres do not have an adequate power, which, in turn, affects their efficiency.
7. **Marketing Problems** - As resources at their disposal are quite limited, the merchandise produced by small industries are not up to the mark, as far as quality is concerned. Moreover, they cannot go for advertising also. As a result DIC cannot play a role of significance in the marketing of small industry produce.
8. **Costs in excess of Profits** - Some critics opine that as expenses incurred by them are more than the benefits accrued, these centres should be closed. They hold only paper value, according to these experts.

4.7.2 Suggestions for Success

1. Competent & trained personnel should be appointed on these centres.
2. Independent administrative buildings should be allotted to the centres.
3. Integrated support schemes should be framed by striking a perfect co-ordinate between various schemes.
4. The centres should be adequately equipped with technical experts.
5. In order to revamp the sick units identified by the centres, the maximum possible financial as well as technical assistance should be provided with.
6. Their working should be properly planned. An effective control system should be put in place for the proper monitoring of the progress made.
7. Their financial resources should be strengthened further, whereas their expenses should be decreased.

NOTE

8. Their organisational structure should be in tune with requirements of the industry. Appointment of the technical specialists should be maximum possible.
9. Raw material depots should be set up at a DIC itself, while fairs & exhibitions should be arranged for marketing of the final production.

✓ Check Your Progress- 4.1

1. Very Short Answer Question

What does DIC stand for?

.....

.....

.....

2. True or False

The Pollution Control Board is responsible for issuing trade licenses.

3. Choose the Correct Option

Which of these is a regulatory institution?

- A. Khadi and Village Industries Commission
- B. District Industries Centre
- C. NABARD
- D. SIDBI

4. Fill in the Blanks

The _____ ensures that industries comply with environmental regulations in Madhya Pradesh.

5. Very Short Answer Question

Name any two regulatory bodies in Madhya Pradesh..

.....

.....

.....

4.8 MP POLLUTION CONTROL BOARD

Objectives of the Pollution Control Board

In 1974, the State Govt set up MP Pollution Control Board under the provisions of the Water (Prevention of Pollution & Control) Act 1974. The board was vested with powers under the Act in order to fulfil the duties specified therein. On 16th May 1981, Air (Prevention & Control of Pollution) Act 1981 came into play. When in Sept. 1981, it was

published in the Gazette, responsibilities defined in it also were given to the Board. For the effective functioning of the Board, its regional offices were also opened.

Works Carried Out by the Board

1. Water Act 1974 is applicable to all the industries & local institutions. Before disposing any commercial/domestic waste into a river, a canal or water body, sewage or land, prior permission of the Board should be taken.
2. While giving such a permission to an industry or a local institution, Board attaches a condition that the polluted water should be first treated up to certain standards either to use it for agricultural purposes or else this properly treated water can be disposed of into some water system.
3. Board has, mainly restricted itself to relatively more polluting large & medium scale industries.
4. Rules framed under the Air Act 1981 were published in the Gazette in Sept. 1983 and their notification was done in Aug. 1984. As per the modifications done in the Air Act, entire State of MP has been declared as Air Pollution Control Region and therefore, every industry has to get the requisite Air Approval. In the new Industrial Policy of the Govt. of MP, 102 types of small industries have been granted Air Relaxation.

Industries are stringently monitored for the proper compliance of the rules agreed upon by them. Moreover, characteristics of the polluted water & gases disposed by them are also analysed. Further, the Board also puts a condition of planting trees in & around the premises so that the ambient air remains sane & healthy.

If any industry does not follow/comply with or exhibits any laxity towards the rules & regulations spelt out by the Board from time to time, they are instructed through correspondence to do so. In spite of this, if their industrial wastes (both fluids & gases) do not show any significant qualitative improvement such industries are slapped with a legal notice. And even then, if the concerned industry does not work towards the desired improvement, a legal case is filed against it in the court and its licence is not renewed. Even its licence is also cancelled as per the provisions of the Act. Yet, as far as possible, Board tries to effect the necessary compliance from the concerned unit without taking any extreme measures against the defaulter.

The ultimate aim of the Board is not limited only to control pollution under the rules & regulations established for the same, its purview goes even further motivating industries to take up environment-friendly activities in order to check the pollution. For this, Board has instituted an annual award of Rs. 1 lakh. Every year, this Award is

NOTE

given to those industries doing exemplary work for keeping the pollution bridled.

Application for getting permission of Environment & Pollution Control Board

All the industries, barring those 102 units, which have been exempted from getting prior permission, have to necessarily seek the permission from the Board under the Acts relating to water & air pollution control. For this, the concerned entrepreneur has to apply, in the following prescribed formats, to the regional or sub-regional office of the Board:

1. Layout plan of the unit,
2. Site-plan,
3. Project Report,
4. Names & addresses of the Directors,
5. A copy of the provisional registration in the DIC,
6. Process flow Chart,
7. Map of water disposal & rivers-culverts, Points of air emission in the map of the industry,
8. Proposals of Water Treatment Unit & Air Control Unit,
9. Topographical Map (for air-pollution permission),
10. Draft of fee for the permission & its renewal.

When aforementioned formats are submitted in the offices of the Board, officers of the Board make an inspection visit to the concerned unit. If all the set parameters are found in order, 1-yr. permission with due conditions is granted, which can be renewed.

Food & Drug Administration Department

Food & drug Administration Dept. of MP is an independent directorate in the Public Health & Family Welfare Dept. This department works under the guidance of Family Welfare Ministry & under the Administrative Appraisal of the PS, Public Health & Family Welfare. It came into independent existence on 1st April 1980. It is headed by Director, Food & Drug Administration, who is an IAS Officer.

4.8.1 Procedure for Food Licence/Drug Licence

Industries planning to go for the production of food items or drugs or cosmetics have to apply for the licence from the Controller, Food & Drug Administration, Bhopal through the Inspector/Officer, Food Drug of the concerned district. For this, the industrialist has to submit the following formats in the Department:

1. Proposed registration of the unit.
2. Copy of the Project Report.

3. Experience Certificate of the entrepreneur in the concerned industry.
4. Educational credentials of the industrialist or the description of those qualified personnel whom the industrialist wants to employ temporarily.
5. Layout of the factory shed.

Hierarchical structure of the Department

Its Head is Director, Food & drug Administration. Next in the hierarchy is Jt. Director, who is from IAS. Afterwards follow - Dy. Drug Controller, Govt. Analyser (Drug Testing Laboratory), Public Analyser (Food Testing Lab.) and Accounts Officer who is from State Accounts Services. Later come Senior Drug Inspector, Assistant Public Prosecutor and the laboratory staff.

At the local level, departmental head is CMO, who is ex-officio Dy. Director of FDA dept. Then, at the Zonal HO level, Senior Drug Inspector, Food Inspector and the Sampling Assistants are in place.

Functions of the State HQ

1. Allotment, Renewal, Suspension, Cancellation of licences pertaining to Drug and Cosmetics and granting approval to private testing laboratories.
2. Testing & analysis of samples of Drugs and Cosmetics.
3. Analysis of food items.
4. To initiate legal proceedings against the alleged defaulters under the Drug & Cosmetics Act 1940.
5. Suspension of the licences of defaulters. Cancellation of the licences of those units, during testing, whose drug & cosmetic products are found not up to the set standards/mis-branded/spurious/adulterated.
6. Controlling & monitoring of implementation of the rules & regulations made under Drug & Cosmetics Act 1940, Food Adulteration (Prevention) Act 1954 et al.

Functions of the District HQ

1. Allotment/Renewal/Suspension/Cancellation of the licences pertaining to sales & distribution of drugs.
2. Inspection of the work places of producers & distributors of & cosmetics.
3. Taking the samples of drug items & cosmetic products for testing/analysis.

NOTE

4. Allotment/Cancellation of licences pertaining to production, distribution & sale of food items.
5. Taking samples of food items for analysis.
6. Deciding about taking legal action against the defaulters under Food Adulteration (Prevention) Act.
7. Initiating the legal proceedings against such defaulters.

4.9 PROCEDURE FOR RECEIVING THE ELECTRICAL CONNECTION FROM DEPARTMENT FOR THE UNIT

As almost all the industrial units require power (electricity) for their operation, they must get the necessary consent letter from the concerned Electricity Office. By this time, as the entrepreneur would have already selected the location of his/her upcoming unit, the concerned electricity office generally provides a conditional consent for the same in order to enable him/her to arrange for extra fund for his/her project.

Procedure for getting the Electric Connection for the Unit

As per the location of his enterprise, the entrepreneur has to apply to the local office of the Electricity Board. The following documents are mainly required:

- a) Application form in the prescribed format
- b) Proposed registration issued by the DIC
- c) The relevant document of the location chosen for the unit
- d) Certificate for setting up the unit at the preferred location
- e) Project Profile
- f) Description of the machines required for the unit & the Power Load requirements for each of them.

After submission of the above documents, the local office makes an inspection visit to the concerned unit. Then an inspection report is sent to the higher authorities for their perusal. If the competent authority finds everything in order, he sends a letter of intent to the unit.

After getting the Lol, mainly following kinds of expenses are expected from the entrepreneur:

- a) Expenses towards laying of the electric supply line** - If the distribution point is more than half a km away from the delivery point then the charges for installation of electric poles & extension of supply lines etc. are to be borne by the entrepreneurs himself.

- b) Service Connection Charges** - These are according to the power requirements of the unit under consideration.

1 to 25 HP Rs. 1000/-

25 to 50 HP Rs. 2500/-

HP Rs. 4200/-

- c) Security Deposit** - It is according to the HP consumed by the enterprise, at the rate of Rs. 500/- per HP

4.10 ENTREPRENEURSHIP & THE ROLE OF MUNICIPAL CORPORATION

When an industrialist intends to set up an industry, he starts the whole enterprise by selecting the location for his upcoming unit. After the site selection he has to go for various kinds of constructions, mainly constructing the factory building. Prior to undertaking any construction Corporation/Municipality/Gram Panchayat. For this one has to apply in the format prescribed by the relevant local institution. Otherwise you cannot start any sort of construction activity.

However, an enterprise can be set up in a rented place too. In some places, sheds constructed by the Dept. of Industries or LUN are also available on rent/hire-purchase basis. At some places, these sheds can be bought also. In such a condition, there is no need for seeking an NOC from the Municipal Corporation/Municipality.

Starting an enterprise/business/shop & Municipal Corporation/Municipality - In MP, the Act covering the provisions regarding the working & service conditions in the establishments like shops, commercial set ups, hotels with staying facilities, eating houses, theatre groups, places of public entertainment etc. were published in the gazette of 30th Oct 1958 along with the assent of the President dating back to 20 Sept. 1954.

All these establishments need to be registered first with the labour dept. After getting registered, licence of the municipality/municipal corporation is mandatory. For this, application has to be submitted the format no. 2, which is available in the corporation itself. Fee for this format varies from business to business. After this, the health inspector of the corporation goes for the inspection & submits his report accordingly. Then, the applicant receives the licence within a stipulated time of 30 days and now is ready to begin his enterprise.

Process of licence renewal takes 10 days' time, for which one has to pay the prescribed fee within the time limit otherwise his/her registration can become invalid. In this, special attention is paid to those shops that sell eatable/edible items such as hotels, ice-cream parlours.

NOTE**4.11 SUMMARY**

1. **Role:** Regulatory bodies enforce laws to ensure fair business practices in India.
2. **Key Agencies:** Include state and central authorities overseeing licenses, taxes, and compliance.
3. **Licensing:** Entrepreneurs must register with bodies like the Registrar of Firms.
4. **Environmental Rules:** Ensure businesses address pollution and resource use responsibly.
5. **Labor Laws:** Protect workers' rights, impacting hiring and workplace policies.
6. **Tax Compliance:** Requires adherence to GST, income tax, and other regulations.
7. **Stability:** Creates a predictable environment for business operations.
8. **Challenges:** Navigating complex regulations can be time-consuming for startups.
9. **Support:** Some agencies offer guidance to simplify compliance for new entrepreneurs.
10. **Impact:** Ensures ethical practices while fostering trust among consumers and investors.

4.12 GLOSSARY

1. **Regulatory Institutions:** Organizations established by the government to supervise and control activities, ensuring compliance with laws, regulations, and standards.
2. **District Industries Centre (DIC):** A district-level institution in India that provides support and facilities to small industries and entrepreneurs.
3. **MP Pollution Control Board:** The state-level agency responsible for implementing environmental regulations and controlling pollution in Madhya Pradesh.
4. **Food & Drug Administration:** A government agency responsible for regulating the safety of food and pharmaceuticals.
5. **Compliance:** The act of adhering to laws, regulations, rules, and standards.
6. **Licensing:** The process of obtaining a legal permit to operate a business or conduct an activity.

7. **Standards:** A level of quality or attainment.
8. **Permits:** An official document giving someone permission to do something.
9. **Inspection:** The act of examining something, especially to ensure it meets specified requirements.
10. **Regulations:** Rules made and maintained by an authority.

4.13 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress – Possible One – 4.1

1. District Industries Centre
2. False
3. B. District Industries Centre
4. MP Pollution Control Board
5. District Industries Centre, MP Pollution Control Board

4.14 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/User/UnitUrls?unitId=48	

4.15 REFERENCES

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2. MPIDC (2022). *Incentives and Schemes for Entrepreneurs in Madhya Pradesh*. MP State Industrial Development Corporation, Bhopal.
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4. Singh, R. (2012). "Role of regulatory institutions in promoting entrepreneurship in India." *Indian Journal of Industrial Relations*, 47(3), 497-511.

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5. OECD (2022). *Entrepreneurship at a Glance 2022*. OECD Publishing, Paris.

4.16 EXERCISE**Part-1****A. Multiple Choice Questions:****1. Which of the following is a key quality of a District Industries Centre (DIC)?**

- | | |
|--|--|
| A. Promotes foreign investment only | C. Acts as a single-window clearance for MSMEs |
| B. Provides large-scale industrial finance | D. Only monitors environmental laws |

2. One of the major objectives of DICs is:

- | | |
|--|--|
| A. To control imports | C. To promote and develop small-scale and cottage industries |
| B. To encourage large-scale industries | D. To draft national industrial policy |

3. Which of the following is NOT typically an activity of a DIC?

- | | |
|--------------------------------|----------------------------------|
| A. Market assistance | C. Training for entrepreneurship |
| B. Licensing of narcotic drugs | D. Project profile preparation |

4. Which department generally assists in providing an electrical connection to an industrial unit?

- | | |
|----------------------------|---|
| A. Ministry of Agriculture | C. Electricity Board or Energy Department |
| B. Ministry of Finance | D. Food and Drug Administration |

5. Which of the following is a problem commonly affecting the DICs?

- | | |
|---|---|
| A. Overfunding | C. Excessive private sector involvement |
| B. Bureaucratic delays and lack of autonomy | D. International pressure |

Answer with explanation:

1. **C.** Acts as a single-window clearance for MSMEs

Explanation: DICs are designed to function as a single-window facility to support Micro, Small, and Medium Enterprises (MSMEs), offering a range of services from guidance to financial assistance.

2. **C.** To promote and develop small-scale and cottage industries

Explanation: DICs focus primarily on promoting and supporting small-scale and cottage industries to encourage self-employment and entrepreneurship.

3. **B.** Licensing of narcotic drugs

Explanation: Licensing of narcotic drugs falls under the purview of other government agencies, not the DIC.

4. **C.** Electricity Board or Energy Department

Explanation: The respective State Electricity Board or Energy Department is responsible for providing electrical connections to industrial units.

5. **B.** Bureaucratic delays and lack of autonomy

Explanation: DICs often face challenges like bureaucratic delays, limited autonomy, and resource constraints that hinder their effective functioning.

B. Short Questions (Answer in 2–3 lines):

1. What is a District Industries Centre (DIC)?
2. Mention any two objectives of DICs.
3. Name any two activities performed by DICs.
4. What is the role of MP Pollution Control Board in industrial regulation?
5. Define entrepreneurship in the context of Municipal Corporations.

Part-2**C. Long answer type questions (Answer in 200 words):**

1. Explain the key qualities that define the functioning of a District Industries Centre (DIC).
2. Discuss the objectives and importance of DICs in promoting local entrepreneurship.
3. Describe the structure and organisation of District Industries Centres.

NOTE

4. Explain the procedure for obtaining a Food Licence or Drug Licence through DIC.
5. What is the role of Municipal Corporations in promoting entrepreneurship and supporting industrial units?

Part-3

D. Long type Questions (Answer in 300 words):

1. Elaborate on the need and importance of DICs in the development of small and medium enterprises in India.
2. Discuss in detail the activities carried out by DICs and how they support entrepreneurs at the district level.
3. Examine the shortcomings and problems affecting the functioning of DICs. Suggest measures for their improvement.
4. Describe the procedure for receiving an electrical connection for an industrial unit through the concerned department, and the role of DIC in facilitating it.
5. Analyze the role of the MP Pollution Control Board in ensuring compliance with environmental laws and its collaboration with DICs in granting clearances to industries.

UNIT 5

PROMOTIONAL INSTITUTIONS

STRUCTURE

- 5.1 Introduction
- 5.2 Objectives
- 5.3 Khadi & Village Commission
- 5.4 Type of Support
- 5.5 Contribution of MPFC in Entrepreneur Development
- 5.6 Scheduled Bank
- 5.7 Role of Madhya Pradesh Mahila Arthik Vikas Nigam in Entrepreneurship Development
 - 5.7.1 Reasons for the Success of SHGS
- 5.8 Summary
- 5.9 Glossary
- 5.10 Answers to check your progress
- 5.11 Suggested Readings-OER
- 5.12 References
- 5.13 Exercise

5.1 INTRODUCTION

This unit focuses on the promotional institutions that support entrepreneurship development in Madhya Pradesh. We will explore the role of organizations such as the Khadi & Village Industries Commission (KVIC) and the Madhya Pradesh Financial Corporation (MPFC) in providing assistance to entrepreneurs. You will learn about the various programs, schemes, and financial support offered by these institutions. Understanding these promotional resources can help entrepreneurs access the support they need to start and grow their businesses.

5.2 OBJECTIVES

1. Identify the key promotional institutions for entrepreneurs in Madhya Pradesh.
2. Explain the objectives and functions of the Khadi & Village Industries Commission and Madhya Pradesh Financial Corporation.

3. Describe the process of accessing financial assistance from promotional institutions.
4. Analyze the effectiveness of promotional programs in supporting entrepreneurship.
5. Assess the role of promotional institutions in the economic development of Madhya Pradesh.

5.3 KHADI & VILLAGE COMMISSION

Khadi & Village Commission was established in the year 1956 with the purpose of development of khadi & rural industries. Presently there are 96 industries which are covered by the commission. The HQs of the commission are based at Mumbai, whereas it has got offices in each State, which are headed by the 'Director'. Moreover, every State has set up a Khadi & Village Industries Board also. The commission resolves the problems of the rural entrepreneurs & co-operative societies through these boards. The commission gets loans from the nationalised banks for the development & expansion of Khadi & Village Industries. State Boards & other concerned agencies frame the proposals for the development of Khadi & Village Industries in their region and forward these to the Commission. Commission, in turn, approve these proposals according to the availability of financial resources.

Khadi & Village Industries Commission is especially useful for the women entrepreneurs. The Work Participation Rate of women in these industries is significantly higher (46%) in comparison of other economic activities (14%).

Commission has its huge marketing network to market the products made by its industries. This network consists of 10 Khadi & Village Industries buildings: 14,311 Khadi Stores & Sales Depots and many co-operative societies & institutions. In addition commission also organises fairs & exhibitions for marketing these products.

Commission has undertaken the following initiatives for improving the marketing policy pertaining to Khadi & Village Industries Products:

1. Consulting NID, Ahmedabad for creating new, attractive designs.
2. Setting up building of excellence in big cities.
3. To arrange 'Fashion Shows' to popularise Khadi products.
4. Sale of Khadi products through a fleet of 140 mobile vans.
5. To adopt 'Kutir' brand name for the village industries products.

NOTE

Commission runs 10 Departmental Training Centres & 16 Institutional Training Centre for skill enhancement & training of craftsmen & supervisors. Commission promotes research endeavour through 'in-house research' & other sponsored programmes. Through this kind of research, Commission encourages the production of high-quality products, diversity of products, use of alternative sources of energy, use of local resources and lessening of human drudgery.

MP Khadi & Village Industries Board

MP KVIB is a Govt. of MP Organisation. The organisation runs various beneficial programmes for the economic betterment of economically & socially backward communities. In the context, commission/board has been providing financial & other assistance under the 'Pattern of Assistance Approach' to 96 identified units, in order to establish them.

After some time, it was felt that the financial assistance being given to these chosen units was quite inadequate. Therefore, in 1995-96 a new scheme named 'Consortium Credit Fund Scheme' was proposed. Under this new scheme there is a provision for the beneficiary units to get credit as per their actual needs.

Implementation of Consortium Credit Fund Scheme - The Scheme is being implemented through KVIC & its state level representative agencies. In MP, this is being implemented through Khadi & Village Industries Commission, Bhopal and MP Khadi & Village Industries Board. MP Khadi & Village Industries Board has appointed Manager (Village Industries) in the DIC of every district.

Provisions of the Scheme - Under this scheme there is a provision for financial assistance up to Rs. 10 lakhs for single-ownership/partnership units and up to Rs. 25 lakhs for industrial co-operative institutions. The concerned unit receives a credit up to 90% of the Project Cost whereas the applicant has to pitch in 10% of margin money (for women & SC/ST applicants margin money contribution is 5% only). The applicants under this scheme will also be entitled for a capital grant of 25% with a cap of Rs. 2.50 lakhs maximum per unit/project.

Eligibility Criteria for getting the benefits under the Scheme - Any person/industrial co-operative society is eligible provided he/it fulfils the following criteria:

1. The applicant wants to establish his unit in a rural area whose population is less than 20,000 as per the census of 1991.
2. Project Cost for the single ownership is limited to Rs. 10 lakh max. While the same for a co-operative industrial establishment is Rs. 25 lakhs.

3. The proposed unit counts amongst those 96 units that are chosen by the Commission/Board for consideration under the Scheme.

5.4 TYPE OF SUPPORT

Under the Scheme financial support can be granted for the whole unit. In addition, the following credit can be given in the following heads:

1. Cost of land & building.
2. Cost of Plant, Machinery and Equipment.
3. Pre-Operation Expenses.
4. Working Capital for the whole cycle.

Rate of Interest - Rate of interest for the loans given under this scheme is same as the simple interest charged by the banks for simple loans.

Repayment of Loans - Capital loans disbursed under this scheme are expected to be repaid fully within 10 years' time in 9 yearly instalments. The first year period is taken as the moratorium period. In same way, in case of working capital loans, the first 2-yr period will be taken as the moratorium time. Thereafter, repayment of working capital loans from the third year to the seventh year will be in 5 equal annual instalments each of them covering 20% of the repayment amount. Both types of loans will attract the same rate of interest.

5.5 CONTRIBUTION OF MPFC IN ENTREPRENEUR DEVELOPMENT

In order to finance the entrepreneurship development in MP, the MPFC was established on June 30, 1955. Its Head Office is at Indore. It is managed by the Board of Directors. On the Board there are many other members along with the Chairman & MD.

Objectives & Duties

The Corporation was mainly established for the purpose of financing small & medium industries of the State. The main duties of the corporation are:

1. To work as an interface between financial institutions, central govt. & the state govt.
2. Keep the industrial securities in its custody.
3. To provide financial assistance to industrial units.
4. To provide guarantee for the industrial organisations.

NOTE**Responsibilities of the Corporation towards entrepreneurs**

The Corporation offers financial assistance in form of loan & equity to new & already existing industries according to their financial needs. Industrial units can approach the Corporation for financial assistance for the following activities:

1. For production, processing or preservation of any product.
2. For mining related activities.
3. Hotel business.
4. For purchasing of vehicles to transport passengers by road or water.
5. For the Production & Distribution of Electricity in any form.
6. For assembly, repair or packing works in which machines/electric power is required.
7. For servicing, testing, repairing or maintenance of any machinery, vehicle, motor-boat, machinery of the trailers of tractors etc.
8. For developing any area in an industrial area.
9. For purchase of facilities fish catching ventures and other associated activities.
10. For providing technical & other specialised services for industrial development.
11. To establish hospitals, nursing homes etc.
12. For purchase of earth-moving machines & equipment, telecom facilities, medical & health care equipment.

Some Special Schemes Run by the Corporation

1. **National Equity Fund** - MPFC is operating the National Equity Fund (NEF) in the State under which qualified and eligible persons get easy loans.
2. **Seed Capital Under SIDBI Sponsored Woman Entrepreneur Fund** - This scheme is only for women entrepreneurs. This SIDBI sponsored scheme is being run by MPFC in the State. Under the scheme any woman entrepreneur whose enterprise totals up to Rs. 10 lakh needs to pitch in only 10% margin money and the remaining portion of margin money provided by the Corporation (15% at max) is given to the woman entrepreneur as Seed Capital. A Service Tax at the rate of 1% per annum is levied on this Seed Capital.
3. **Seed Capital for Eligible Technocrats** - Eligible entrepreneurs (not necessarily technocrats always) seeking financial assistance from the MPFC are eligible to receive Seed Capital under the SIDBI

NOTE

scheme. The amount of Seed Capital shall be 50% max of the margin money put in by the entrepreneur, which shall attract 1% Service Tax p.a.

4. **Loan for Working Capital** - MPFC provides loan for working capital also.
5. **Loan for Immovable Assets Only** - If the entrepreneur wants loan only for immovable assets (land, building, plant and machinery and pre operative expenses) and he wants to get working capital through bank then he can get limited loan.
6. **Other Schemes** - Some other selling schemes are loans for ex-serviceman and for entrepreneurs from SC and ST category, loans for special kind of equipment and instruments, loan for modernisation and upgradation, loan for the rehabilitation of sick units.

The State level Finance Corporations of different States in the country have got different powers and rules for providing loan. Margin money desired by the Corporation depends on the potential of the unit. Generally Corporation expects 25 to 40% margin money from the entrepreneur.

MPFC has been instrumental for the industrialisation of the State and many industries have been set up through liberal schemes of the Corporation. Information about different schemes and credit limits therein can be had from its headquarters A B Road, Indore. Any entrepreneur can approach the branch or zonal office of the Corporation its district/area.

☒ **Check Your Progress : 5.1**

1. **Very Short Answer Question:**

What does KVIC stand for?

.....

2. **True or False:**

MPFC provides assistance only to large industries.

3. **Choose the Correct Option:**

Which of the following supports Khadi and village industries?

- | | |
|-----------|---------|
| A. NABARD | B. MPFC |
| C. KVIC | D. RBI |

4. **Fill in the Blanks:**

The head office of MPFC is located at _____.

NOTE**5. Very Short Answer Question**

Name any two schemes run by promotional institutions.

.....

5.6 SCHEDULED BANK**A. Nationalised Banks –**

Nationalised Banks (Scheduled Banks) have played a vital role in establishment and development of industries/businesses. Banks provide credit to all the units whether they are from industry or from commerce or from service sector. There is no maximum limit for such credits. These can range from Rs 500 to 100s of crores.

Banks provide credit under all the heads of the project cost like land, building, plant and machinery, all other immovable assets and pre operative expenses. Banks also provide loans for working capital, as it's the most feasible way out providing support to local industries because being in the same area banks can easily fine tune their credit limits according to the needs of the industry.

In addition, nationalised banks also implement sponsored schemes like schemes sponsored by NABARD and SIDBI.

B. Other Institutions –

District Cooperative and Land Development Banks that used to provide loans for agricultural purposes, have now started giving loans for other industries/businesses also. The eligibility criteria for getting loans from these are almost same as those of the nationalised banks. Moreover, there are many pvt. financial institutions like 'Shriram Group' & 'Crystal Corporation' providing credits to entrepreneurs.

Some of the nationalised banks providing loans are:

Central Bank of India, Bank of India, United Bank of India, Bank Of Baroda, Vijaya Bank, Punjab & Sind Bank, State Bank of Bikaner & Jaipur, Syndicate Bank, Oriental Bank of Commerce, United Commercial Bank, Union Bank of India, Canara Bank, Dena Bank, State Bank of Indore, New Bank of India, State Bank of Patiala, Bank of Maharashtra, State Bank of Travancore, PNB, SBI, Andhra Bank, Allahabad Bank, State Bank of Hyderabad, IOB, State Bank of Mysore, Corporation Bank, State Bank of Saurashtra.

5.7 ROLE OF MADHYA PRADESH MAHILA ARTHIK VIKAS NIGAM IN ENTREPRENEURSHIP DEVELOPMENT

Self-Employment & Entrepreneurship Development is a practical solution for the problem of unemployment. Government is focussing on improving women's status in the society through its various programmes and schemes. M.P. Mahila Arthik Vikas Nigam has been set up for this very purpose. It has been registered on 31st October 1988 in the office of Registrar, Firms and Societies.

Capital of the Corporation - Corporation has got 2.56 crores from Govt. of M.P. and 98 crores from the Central Government towards its capital.

Objectives of the Corporation;

1. To provide information to women regarding their participation in economic activities.
2. To get financial assistance available through banks and other financial institutions.
3. To promote the marketing of their produce.
4. Going for production and construction in association with NGOS or independently.
5. To organise activities related to purchase and sell import and export.
6. To organise training programmes etc for entrepreneurship development.

Role of Madhya Pradesh Mahila Arthik Vikas Nigam in Entrepreneurship Development

Corporation has done the following things to promote entrepreneurship development;

1. Organising Mamatva Mela

Every year Corporation organises Mamatva Mela to exhibit & sell the products of SHGs/Women's Groups and rural women.

This Mela provides a platform to women, especially rural women to bring & sell their products in cities. This enhances their self-confidence & they get knowledge of new varieties as well. These Melas were started in the year 1990 and ten of them have been popularised till date.

2. Swa-Shakti Project

1. Objectives - To form self-sustaining SHGs in order to link them up with the development process and ultimately to stabilise them.

NOTE

2. Implementing Agency - Women Finance and Development Corporation.
3. Donar Agencies - World Bank and IFAD.
4. Project Area - Nine districts of Madhya Pradesh viz. Schore, Dewas, Tikamgarh, Chhatarpur, Betul, Hoshangabad, Indore, Ujjain and Khandwa.
5. Beneficiaries - Women of BPL families mainly from SC, ST and OBC communities.
6. Target - Forming 2000 SHGS through NGOs.
7. Time Period of the Project - From 1998-99 to 2003-04.
8. Main Components of the Project –
 - a. Forming self-dependent Women SHGs and building their capacity,
 - b. To get the financial assistance available to Women SHGs for agricultural and non-agricultural IGAs managed by them,
 - c. To make managerial and technical assistance available to SHGs,
 - d. To pitch in for increasing the outreach for creation of CPRs and eradication of social ills.



Activity 5.1

Title: Case Study on a Promotional Institution

Material Needed: Internet access, notebook, pen

Activity Description:

Research any one promotional institution (e.g., KVIC, MPFC) and write a brief case study (200 words) on how it supports entrepreneurs.

Any Other Suggestions:

Focus on how the institution provides loans, grants, or skill development support.

5.7.1 Reasons for the Success of SHGS

1. In past, poor people had to go to the moneylender for their pressing financial needs and moneylenders used to exploit them by lending money on exorbitant interest rates. Now these needy poor people have been freed from the exploitative trap of greedy moneylenders.
2. The economic status of women has improved a great deal on account of the exemplary works performed by the NGOs all over.

Pucca homes, education of children, female literacy, IGAs are the indicators of this development.

3. Women don't have to face the complicated procedures of banks at individual level as now a days banks unhesitatingly provide loans to SHGS.
4. SHGs have better credit worthiness in the eyes of the banks.
5. For the recovery of loans banks don't have to run from one house to another. Rather the instalments are paid during the regular group meetings.
6. Repayment of loan is according to women's convenience.

3. Gramya Scheme

1. Objective of the Scheme - To provide working capital to small rural women entrepreneurs of M.P.

2. Nature of the Scheme - The scheme will be operated through District Women and Child Development Officer/Designated Manager, M.P. Women Finance and Development Corporation. There will be a savings account in the bank of the District, which will be operated by the District Women and Child Development Officer.

3. Eligibility - Women members of SHGs/Individual Women who want to or are doing business in the daily/weekly Haat Bazaars.

4. Priority -

- a) Widow,
- b) Deserted Women,
- c) Divorcee,
- d) Unmarried
- e) Destitute

5. Selection Process - Supervisor/Assistant Women and Child Development Officer will seek application forms from SHGs/Individual Women and scrutinize them and forward the recommended applications to the District Women and Child Development Officer through their Project Officer. After getting the due approval the amount will be transferred to the bank account of the concerned SHGs/Individual Women.

6. Assistance -

- a) Interest Free Loan of Rs 500 per Beneficiary.
- b) If the loan is repaid within the stipulated time period the beneficiary will be eligible for getting Rs 1500 loan.

NOTE**7. Repayment of Loan –**

- a) Repayment of loan will start after one month,
- b) SHGs will repay the loan in 12 monthly instalments,
- c) SHGS will recover the loan from their members according to the procedure decided with respect to their needs,
- d) The Project Officer will deposit the recovery amount in the bank account of District Women and Child Development Officer.

4. Typing Training Scheme

In order to make educated unemployed girls/women employable typing training scheme is being run.

Nature of the Scheme - Girls/women with desirable qualifications will be given a six-month typing training through ITIs or any other institution recognised for typing training. In this scheme 50% seats are reserved for women from SC and ST communities.

5. Three Day Entrepreneurship Awareness Programme for Women

Objectives of the Scheme -

- a) To create awareness and inspire women for enterprising activities.
- b) To create interest in women towards self-employment and self-business.
- c) To inspire women for their own economic independence.

Beneficiaries - Selection of women for the programme is done according to their interest. Yet the focus is on selecting poor women for the programme. Deserted and physically challenged women are also accommodated accordingly.

6. One Day Women Awareness Campaigns**Objectives**

- a) To create awareness amongst women towards entrepreneurship.
- b) To create information and knowledge about self-employment opportunities.
- c) To prepare women for long-term financial scheme.
- d) To make women aware about the schemes of the Corporation and to motivate them for seeking benefits under these scheme.

7. Margin Money

M.P. Women Financial Development Corporation arranges for margin money as a part of the project cost of the unit established by the women entrepreneurs.

8. Other Schemes

In addition to the aforementioned schemes Corporation is also running many other schemes

5.8 SUMMARY

1. **Purpose:** Support startups through resources, training, and financial aid in Madhya Pradesh.
2. **Key Bodies:** District Industries Centres (DICs) and other state agencies lead efforts.
3. **Training Programs:** Equip entrepreneurs with skills in management and technology.
4. **Financial Assistance:** Provide loans, subsidies, and grants for small businesses.
5. **Market Linkages:** Connect entrepreneurs with suppliers, buyers, and export opportunities.
6. **Target Groups:** Focus on youth, women, and marginalized communities.
7. **Innovation Boost:** Encourage new ideas through research and development support.
8. **Accessibility:** Offer localized services to reach rural and urban entrepreneurs.
9. **Economic Impact:** Stimulates job creation and regional development.
10. **Success Factor:** Reduces barriers, making entrepreneurship more inclusive.

5.9 GLOSSARY

- Promotional Institutions: Organizations that support and encourage the development of entrepreneurship through various initiatives.
- Khadi & Village Industries Commission (KVIC): An organization in India that promotes the development of khadi and village industries.
- Madhya Pradesh Financial Corporation (MPFC): A state-level financial institution that provides financial assistance to industries in Madhya Pradesh.

NOTE

- Financial Support: Assistance in the form of loans, grants, or investments to help businesses.
- Entrepreneurship: The activity of setting up a business.
- Rural Development: The process of improving the quality of life and economic well-being of people living in rural areas.
- Industrial Growth: The increase in the size and number of industries in a particular area or economy.
- Marketing Network: A system of interconnected entities involved in marketing products or services.
- Exhibitions: Events at which products, services, or information are displayed.
- Subsidy: A sum of money granted by the government or a public body to assist an industry or business so that the price of a commodity or service may remain low or competitive.

5.10 ANSWERS TO CHECK YOUR PROGRESS**Check Your Progress – Possible One – 5.1**

1. Khadi and Village Industries Commission
2. False
3. C. KVIC
4. Indore
5. Consortium Credit Fund Scheme, National Equity Fund Scheme

5.11 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/UnitUrls?unitId=49	

5.12 REFERENCES

1. Desai, V. (2011). *Entrepreneurship Development and Management*. Himalaya Publishing House, Mumbai.
2. Gupta, C.B., & Srinivasan, N.P. (2010). *Entrepreneurship Development in India*. Sultan Chand & Sons, New Delhi.

3. MP Finance Corporation (2022). *MPFC Scheme Reports*. Indore.
4. GEM (2022). *Global Entrepreneurship Monitor: Global Report 2021/22*. GER Association, London.
5. **AICTE MOOCs (2024)**. *Entrepreneurship Essentials*, AICTE ELIS Platform.

5.13 EXERCISE

Part-1

A. Multiple Choice Question:

1. Which of the following organizations is responsible for promoting and financing village industries in India?

- | | |
|---|----------|
| A) NABARD | C) SIDBI |
| B) Khadi and Village Industries Commission (KVIC) | D) MPFC |

2. The Madhya Pradesh Financial Corporation (MPFC) primarily provides financial assistance to:

- | | |
|--|----------------------------|
| A) Agricultural laborers | C) Scheduled Banks |
| B) Small and Medium Enterprises (SMEs) | D) Women's Self-Help Group |

3. A bank is classified as a 'Scheduled Bank' if it is included in which schedule of the Reserve Bank of India Act, 1934?

- | | |
|--------------------|--------------------|
| A) First Schedule | C) Third Schedule |
| B) Second Schedule | D) Fourth Schedule |

4. Madhya Pradesh Mahila Arthik Vikas Nigam (MPMAVN) primarily focuses on:

- | | |
|-------------------------------|----------------------------------|
| A) Infrastructure Development | C) Economic empowerment of women |
| B) Export Promotion | D) Promotion of agriculture |

5. Which of the following is NOT a function of the Madhya Pradesh Financial Corporation (MPFC)?

- | | |
|---|---|
| A) Granting long-term loans to small industries | C) Assisting in modernization of industrial units |
| B) Promoting foreign trade policies | D) Supporting industrial infrastructure development |

NOTE

Answer with explanation :

1. B) Khadi and Village Industries Commission (KVIC)

Explanation: KVIC is a statutory body established under the Khadi and Village Industries Commission Act, 1956. It plays a vital role in planning, promoting, and financing khadi and village industries for rural development and employment generation.

2. B) Small and Medium Enterprises (SMEs)

Explanation: MPFC is a state-level financial institution that provides medium and long-term financial assistance to promote small and medium-scale industries in Madhya Pradesh. It aims to encourage entrepreneurship and industrial growth in the state.

3. B) Second Schedule

Explanation: A Scheduled Bank is one that is listed under the Second Schedule of the Reserve Bank of India Act, 1934. These banks comply with certain norms and are eligible for loans from the RBI at bank rate.

4. C) Economic empowerment of women

Explanation: MPMAVN is a state-run organization working towards the economic development and empowerment of women, particularly from disadvantaged and marginalized sections. It supports self-help groups, vocational training, and micro-financing initiatives.

5. B) Promoting foreign trade policies

Explanation: MPFC focuses on financial support for industrial growth within Madhya Pradesh. It does not deal with foreign trade policy, which is under the purview of central institutions like DGFT and Ministry of Commerce.

B. Short answer questions:

1. What is the primary objective of the Khadi and Village Industries Commission (KVIC)?
2. Name any two types of support provided by the KVIC.
3. What is the full form of MPFC, and what is its main purpose?
4. Define a Scheduled Bank.
5. What is a Self-Help Group (SHG)?

Part-2

C. Long answer type questions : (Answer in 200 words)

1. Explain the various types of support provided by the Khadi and Village Industries Commission to entrepreneurs.

2. Discuss the role of MPFC in promoting small-scale industries in Madhya Pradesh.
3. What are Scheduled Banks and how do they contribute to entrepreneurship development?
4. Describe the objectives and functions of Madhya Pradesh Mahila Arthik Vikas Nigam (MPMAVN).
5. Highlight the reasons behind the success of Self-Help Groups (SHGs) in Madhya Pradesh.

Part-3

D. Long answer type questions : (Answer in 300 words)

1. Elaborate on the contribution of the Khadi and Village Industries Commission (KVIC) in rural industrial development and entrepreneurship promotion.
2. Critically examine the role of MPFC in the financial and technical support for entrepreneurial development in Madhya Pradesh.
3. Analyze the importance and functions of Scheduled Banks in providing financial assistance to entrepreneurs and MSMEs.
4. Discuss in detail the initiatives taken by Madhya Pradesh Mahila Arthik Vikas Nigam to empower women through entrepreneurship.
5. Evaluate the socio-economic impact of SHGs in rural areas of Madhya Pradesh and the reasons contributing to their sustained success.

NOTE

UNIT 6

SELF EMPLOYMENT ORIENTED SCHEMES

STRUCTURE

- 6.1 Introduction
- 6.2 Objectives
- 6.3 Prime Minister Rojgar Yojna'
- 6.4 Swarn Jayanti Rozgar Yojna
- 6.5 'Rani Durgavati' Self-Employment Scheme
- 6.6 Deendayal Self-Employment Scheme
- 6.7 Summary
- 6.8 Glossary
- 6.9 Answers to check your progress
- 6.10 Suggested Readings -OER
- 6.11 Reference
- 6.12 Exercise

6.1 INTRODUCTION

This unit provides an overview of the various self-employment-oriented schemes launched by the government to encourage entrepreneurship. We will explore schemes such as the Prime Minister Rozgar Yojana (PMRY), Swarn Jayanti Gram Swarozgar Yojana (SJGSY), and other initiatives aimed at providing financial assistance and support to aspiring entrepreneurs. You will learn about the eligibility criteria, application procedures, and benefits of these schemes. Understanding these schemes can help individuals explore self-employment opportunities and access government support.

6.2 OBJECTIVES

1. Identify the main self-employment-oriented schemes in India.
2. Explain the objectives and features of schemes like PMRY and SJGSY.
3. Describe the eligibility criteria and application process for specific schemes.
4. Analyze the impact of self-employment schemes on reducing unemployment.

5. Assess the effectiveness of government initiatives in promoting self-employment.

6.3 PRIME MINISTER ROJGAR YOJNA

In 1993 Govt. of India started an ambitious, wide based and multi-dimensional scheme called 'Prime Minister Rojgar Yojna'. Under this scheme millions of educated unemployed youth can get financial assistance for their self-employment.

Main Features of Prime Minister Rojgar Yojna

1. Target is to provide financial support to a certain number of youths in every district.
2. Very little margin money is expected from the beneficiaries.
3. Eligibility criteria are quite simple.
4. Any business, which has got potential of earning monetary profit, is acceptable under the scheme.
5. There is a provision for free training/guidance and other assistance.
6. All professions are eligible for Grant..
7. It is a nation-wide scheme.
8. Government gives topmost priority to the implementation of the scheme.

All these facets and features of the scheme can be viewed as:

1. **Objective of the Scheme** - Objective of the scheme is mainly to provide financial support to educated and unemployed youth through banks and that too on liberal terms and nominal margin money. It will enable them to get their self-employment.
2. **Nature of Assistance** - Mainly there are four aspects of the financial assistances provided under the scheme:
 - a) **Amount of Loan** - Every eligible youth can get a loan of Rs. 1 lakh under the scheme. A special feature of the scheme is that the loan amount is dependent on the number of persons joining hands in the scheme. For example two youths together in the same scheme will get Rs. 2 lakh, three youths together in the same scheme will get Rs. 3 lakh. Similarly five young entrepreneurs intend to set their own unit, they are entitled to get Rs. 5 lakhs.
 - b) **Margin Money**- Under the scheme only 5% margin money is expected from the young entrepreneur so if five youths want

NOTE

to set up an industry costing up to Rs. 5 lakh they have to pay only Rs. 25,000/- as Margin Money.

c) Grant Amount - Under the scheme 15% of the loan can be provided as a Grant. Maximum amount of the Grant per beneficiary is Rs. 7,500/-. Hence if five youths want to set up their industry in partnership they can get grant up to Rs. 37,500/-.

d) Guarantee - Under the Prime Minister Employment Scheme no guarantee is expected from the applicants only the properties procured through loans are kept mortgaged with banks.

3. What kind of enterprises can fetch financial support under the scheme

- All the surplus making businesses can fetch financial assistance under the Scheme. For example industries like polythene bags manufacturing, furniture making, pulses production unit; businesses like cloth/garment stores, provision stores, medical stores etc; service units like software development, computer and T.V. servicing, tent houses etc. Animal husbandry businesses such as buffalo rearing, poultry, fisheries, goat rearing etc can also get financial support under the Scheme. There is no fixed list specifically indicating which industries are eligible for financial support under this Scheme. Therefore, whenever a young entrepreneur wants to get financial support for his enterprise he/she must ensure that his project proposal pertains to a profit-making endeavour.

4. Repayment of Loan - All the loans given under the scheme are scheduled to be repaid between three to seven years' time line with an initial moratorium of six to eighteen months is included therein. Instalments of repayment are set by keeping the profitability of the unit in view.

5. Rate of Interest - RBI releases the rates of interest under the scheme from time to time. Presently an interest of 12.5% per annum is levied on the loans up to Rs. 25,000/- and that of 15.5% on the loans between Rs. 25,000/- to Rs. 2 lakh.

6. Eligibility Criteria - Any young entrepreneur satisfying the following criteria is eligible for receiving the benefits under the Prime Minister Employment Scheme:

- a) The applicant should be 10 passed at least.
- b) On the date of application he/she should be 18 to 25 years of age.
- c) The total family income of the applicant from all the sources shall not exceed Rs. 24,000/- per annum.

- d) His/her name should be registered with the employment office.
- e) Applicant should be a resident of the place for last three years where the applicant wants to set up his/her enterprise.
- f) Applicant should not be a defaulter of any bank/financial institution.
- g) He should not have received any loan from a bank/financial institution for a project sponsored by Central Government/State Government/any State Corporation under a scheme meant for providing financial assistance to people from poor sections. At least 22.5% of the beneficiaries should be youths belonging to SC/ ST category and 27.5% beneficiaries should be youths from OBCs in the concerned district. Women are given priority under the scheme.

7. Provision of Free Training - Under the scheme there is a provision for the compulsory training of all the applicants prior to disbursement of loans. This is to ensure that these budding entrepreneurs will be better placed to run their units in an effective manner. The training has to be provided after the loan approval. The training period is 20 days for the applicants going for an industry whereas it is of 10 days for the applicants entering into a business. DIC gives scholarship to all those trainees who have completed their trainings. This training is given free of cost and they are taught how to establish an industry/business and thereafter run and manage it properly. Trainees who have already been through training under an Entrepreneurship Development Programme can be exempted from undergoing this training.

8. Method and Process of Implementation of the Scheme - DICs are nodal agency for the implementation of the Scheme. Prime Minister Employment Scheme, Implementation Committees have been set up at district level. These Committees assist and provide guidance to the concerned DICs for the proper implementation and monitoring of the Scheme. District collectors are the chairpersons of these Committees whose other members are GM of the concerned DIC, Manager of the Lead Bank of the district, representatives from other banks, district employment officer, NGOs etc. Scheme is implemented in the following manner:

- a) Target setting and allotment** - First and foremost the Central Government sets the targets under the scheme and allots them to different States. This target is set in the terms of the number of youths to be benefited by the Scheme in a particular year. Later on these targets are delegated to all the districts and

NOTE

accordingly DICs are instructed to bring the targeted number of youths in their districts under the Scheme.

- b) Disseminating the Information regarding the Scheme** - In order to reach to the maximum possible number of youths in their districts DICs employ different media to disseminate the relevant information regarding the Scheme. In this context media employed are newspapers, handbills and pamphlets, making personal contacts with eligible applicants, sending information to the educated unemployed youths registered with the Employment Office of the district, utilising the network of people's representatives etc.
- c) Acceptance of Application Forms** - Applications in a pre-designed format are received by the desiring applicants. The concerned DIC helps and guides its youths in filling the application formats. These application formats along with all the necessary documents are accepted at the district headquarters, sub DICs or at the block level. Along with this awareness camps are organised by the DICs in rural areas and various colleges and any desiring youth can submit his/her duly filled in application formats then and there only.
- d) Perusal of Applications and Taskforce Committee Meetings** - First of all the applications received are checked in order to ascertain that they have been filled in correctly. Later, all the correctly and properly filled applications are checked by a Taskforce Committee. Approved formats are then sent to the concerned banks.
- e) Disposal of Cases by Banks** - After getting all the approved cases banks scrutinize each and every case with respect to their viability in terms of the applicant's capacity, market potential and technical, financial, economic and legal aspects. After assessing all the forwarded cases banks send the final list to DIC thereby detailing the cases accepted by them so that the required training of the selected candidates can be initiated.
- f) Training** - Thereafter the selected candidates go through the necessary training rigmarole as delineated in the point number 7 above.
- g) Disbursement of Loan** - After the successful completion of their training the beneficiaries approach the concerned bank and the bank, in turn, disburses the approved loan after completing all the due formalities.
- h) Monitoring of the Beneficiaries or Post Disbursal Assistance** - This Scheme is not limited to loan disbursement

only. Rather it goes beyond and the Government leaves no stone unturned while ensuring that the beneficiary is able to run his/her business successfully. To this effect Govt. of M.P. has started novel scheme named as 'Parent Scheme' under which officials of the industries department continuously help the budding entrepreneurs in overcoming their problems and bottlenecks.



Activity : (6.1)

Title: Exploring Government Self-Employment Schemes

Material Needed: Internet, notebook, pen

Activity Description:

Prepare a short report on any two self-employment schemes offered by the Government of India or Madhya Pradesh for entrepreneurs. Mention eligibility, benefits, and application process.

Any Other Suggestions:

- Use government portals or DIC offices for up-to-date information.

Formats to be attached for getting the Benefits of the Scheme

1. Application form in the specified format.
2. A copy of the proof of the applicant's age.
3. A certificate specifying the 'Unemployed' status of the applicant. In this context his registration with the District Employment Office will be a proof.
4. Domicile Certificate - The applicant has to be a resident, at least for last three years, of the place where he/she wishes to set up his/her unit.
5. A Certificate regarding the annual income of the applicant's family.
6. Project Report of the industry/business/service unit proposed by the applicant.
7. Two passport sized photographs of the applicant attested by a competent authority.
8. A duly attested copy of the Caste Certificate.
9. A copy of the certificate specifying the Experience and Technical qualifications (if any).
10. A copy of the partnership deed if the proposed unit is going to be established in partnership.

NOTE

11. A declaration letter by the applicant that he/she has never been imprisoned under the Civil Security Act.
12. Three self-addressed post cards.
13. If applicant's family is a below poverty line family then a certificate to this effect.

Note-

If the proposed unit is in partnership then all the partners have to individually submit all the above documents. b. Two copies of all the above documents will be presented to the DIC and one will be for his own record.

6.4 SWARN JAYANTI ROZGAR YOJNA (SJRY)

In order to appropriately utilise the surplus human resources and for the productive use of the National resources Govt of India has started a number of self-employment schemes in which SJRY is a prominent one.

SJRY been initiated with a purpose of providing loan facility to below poverty line populace so that they can set up their own enterprise. The Scheme is being run separately in rural and in urban areas.

A. Swarn Jayanti Urban Employment Scheme (SJSRY)

SJSRY has been in operation since 1st December 1997 in all the cities, towns of the country. There are two sub schemes linked to bank loans - Urban Self Employment Programme and Urban Women and Children Development Programme. Under this Scheme 30% of women, 3% physically challenged people and people from SC and ST categories in proportion to their average population in the district have to be provided with the specified benefits. Central Government bears 75% of the Grant and State Government 25% of the Grant under the Scheme.

☒ **Check Your Progress : 6.1**

1. **Very Short Answer Question**

Name any one self-employment scheme in India.

.....

.....

.....

2. **True or False**

The PMRY scheme provides loans to only large businesses.

NOTE

- e) He/she should be a resident, for the last three years, of the place of the project,
- f) Specified application form along with photo, income certificate, caste certificate, Domicile certificate etc.

- 7. Bank Guarantee** - There is no need for a supporting guarantee. All the procured assets will be kept as mortgage with the bank.
- 8. Repayment of the Loan** - Time period 3 to 7 years including a moratorium of 6 to 18 months.

B. Swarn Jayanti Gram Swarajgar Yojna (SJGSY)

This Scheme was started on 1st April 1999. Previously running programmes like Integrated Rural Development Programme (IRDP), Training Programme for Rural Youths for Self-Employment (TPRYS) Rural Women and Child Development Programme (RWCDP), Supply of Advanced Kits for Rural Programmes (SAKRP), Ganga Kalyan Yojna (GKY) and Ten Lakh Wells Scheme have been merged with this Programme.

This Scheme is a loan and subsidy programme, wherein loan will be the main component and subsidy only the supporting element. As a result, this Scheme has got a wider scope to include Planning and preparedness of the projects, Selection of the groups, Capacity building and Infrastructure planning, Selection of people for their self-employment, Pre Loan activities and Maximum Participation of banks in the activities related to recovery of loans including post loan monitoring. Subsidy under the scheme will be at a uniform rate of 30% of the total project cost, but its maximum limit will be Rs. 7,500/- only. For SC/ST candidates these limits will be 5% and Rs. 10,000/- respectively. Grant for the SHGs will be 50% of the project cost limited to Rs. 1.25 lakh at max. There will not be a maximum limit for irrigation projects. A special focus is brought on weaker sections amongst the rural poor. Targets of this Scheme include 50% SC/ST candidates, 40% women and 3% physically challenged persons minimum overall.

Funds under the Scheme will be borne by the Centre and State Governments in 75:25 ratio. Central funding to the States will be distributed on the basis of poverty yet other factors like special needs and capacity or spending over the year will also be taken into account. The overall aim of the Scheme is to enhance the family income of rural poor and make the resources available to people on the basis of their local and essential needs.

6.5 'RANI DURGA VATI' SELF-EMPLOYMENT SCHEME

NOTE

Rani Durgavati Scheme was started on 1st April 2004. Objective of this Scheme is to develop at least 5,000 educated unemployed persons from SC/ST category as entrepreneurs.

1. **Eligibility for the Scheme** - The following persons from the SC/ST category will be eligible for this Scheme in the State:
 - -Permanent residents of Madhya Pradesh
 - -SC/ST candidates (the relevant certificate should have been issued by a Revenue Sub-Section level Officer)
 - -18 to 50 years age group.
 - -At least 8th standard passed from Government/Recognised school.
2. **Priority**- Candidates from the following categories will be accorded priority:
 - a) Persons getting unemployment allowance from the State Government
 - b) Trained under 'Multi-Purpose Engineer' Scheme of the Technical Education and Training.
3. **Eligible Activities**- All the activities related to industry/service/business.
4. **Application Procedure** - In order to get benefit under the Scheme one has to submit the format specified under 'Annexure- I' to DIC. These application forms are distributed free of cost from the office of District of Trade and Industry Centre.
5. **Counselling** - Prior to the selection Committee meeting, on the very day all the applicants are given counselling for setting up their self-employment enterprises by the experts of DIC and CEDMAP.
6. **Selection Procedure** - Following officials shortlist the candidates:
 - GM, DIC
 - -District Employment Officer
 - Bank Official
7. **Training** - Training schedule will span over four weeks. A batch of 20 to 40 trainees will be trained at a time.
8. **Training Expenses** - Borne by the State Government
9. **Training Institutions** - CEDMAP

NOTE

- 10. Limit of Margin Money Assistance** - The Margin Money Support under the Scheme shall be 33% of the approved Project Cost or the amount estimated by the concerned financial institution; whichever is less.

6.6 DEENDAYAL SELF-EMPLOYMENT SCHEME

Objective of the Scheme - This self-employment Scheme has been initiated by Govt. of M.P. Objective of this Scheme is to provide incentives only to the new units/activities, for self-employment by getting loans from the banks and providing grant as margin money support.

Eligibility

1. Domicile - A domicile of M.P.
2. Age - 18 to 40 years on the date of application.
3. Minimum Educational Qualifications - 10th or ITI passed.
4. Income - Total family income of the applicant should not exceed Rs.1.5 lakh p.a.
5. Name of the applicant should be registered with the nearest employment office.

Financial Support - Margin Money support as per the project cost approved by the bank:

- 1. Industrial Sector**-10% of the approved Project Cost with Rs. 40,000/- as maximum.
- 2. Service Sector**- 7.5% of the approved Project Cost with Rs. 15,000/- as maximum.
- 3. Business** - 5% of the approved Project Cost with Rs. 7,500/- as maximum.

Special Points -

1. All the industrial sector projects whose approved project cost is Rs.1 lakh will be eligible for 10% margin money support with Rs.7,500/- as the maximum rider.
2. The total Margin Money Support will not exceed 50% of the money staked by the applicant.
3. All those applicants whose educational qualifications is graduation or more will get the Margin Money Support with maximum limits enhanced to Rs.50,000/- and Rs. 25,000/- for their industrial sector and service sector proposals respectively

4. Priority-
 - a) Candidates with ITI/Diploma/Engineering/Training from any recognised technical institution.
 - b) Women candidates
 - c) Applicants gone through training under Entrepreneurship Development Programme
 - d) Any Industrial Enterprise
 - e) Applicants registered in the survey list of below poverty line families.
5. Eligible Activities - All those activities coming under Industrial, Service and Business sector that have been registered or recognised by the DTIC.

Application Procedure - The duly filled in prescribed format for the Scheme has to be submitted to the DTIC. Application for.

6.7 SUMMARY

1. **Goal:** Promote self-employment among unemployed youth and marginalized groups.
2. **Financial Aid:** Offers low-interest loans for starting small businesses.
3. **Training Support:** Provides skill development for sustainable ventures.
4. **Eligibility:** Targets below-poverty-line individuals with clear income criteria.
5. **Sectors Covered:** Includes agriculture, retail, and small-scale industries.
6. **Application Process:** Involves submitting forms to District Industries Centres.
7. **Subsidies:** Reduces financial burden through grants and margin money.
8. **Impact:** Empowers individuals to achieve economic independence.
9. **Community Focus:** Prioritizes rural and disadvantaged groups for inclusive growth.
10. **Monitoring:** Ensures scheme benefits reach intended beneficiaries effectively.

NOTE**6.8 GLOSSARY**

- **Self-Employment Schemes:** Government programs designed to assist individuals in starting their own businesses or becoming self-employed.
- **Prime Minister Rozgar Yojana (PMRY):** A scheme that provides financial assistance to educated unemployed youth for self-employment ventures.
- **Swarn Jayanti Gram Swarozgar Yojana (SJGSY):** A scheme aimed at promoting self-employment among the rural poor through Self-Help Groups (SHGs).
- **Eligibility Criteria:** The set of requirements that an individual or entity must meet to qualify for a particular program or benefit.
- **Financial Assistance:** The provision of funds or resources to support a particular activity or project.
- **Unemployment:** The state of being without a job but actively seeking work.
- **Rural Development:** The process of improving the economic and social well-being of people living in rural areas.
- **Poverty Alleviation:** Measures taken to reduce the level of poverty in a given area or population.
- **Skill Development:** The process of improving existing skills or learning new ones to enhance employability or self-sufficiency.
- **Subsidies:** A sum of money granted by the government or a public body to assist an industry or business so that the price of a commodity or service may remain low or competitive.

6.9 ANSWERS TO CHECK YOUR PROGRESS**Check Your Progress – Possible One – (6.1)**

1. Prime Minister Rozgar Yojana (PMRY)
2. False
3. B. SJSRY
4. Tribal Women Empowerment Scheme
5. Women, SC/ST entrepreneurs

6.10 SUGGESTED READINGS-OER

NOTE

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectionline.com/Us er/UnitUrls?unitId=50	

6.11 REFERENCES

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6.12 EXERCISE

Part-1

A. Multiple Choice Questions:

1. What is the primary objective of the Prime Minister Rojgar Yojna (PMRY)?

- | | |
|--|--|
| A) To provide subsidies for agricultural exports | C) To provide government jobs to rural youth |
| B) To create employment opportunities by encouraging self-employment | D) To promote foreign investments in India |

2. Under the PMRY scheme, which of the following is NOT an eligibility criterion?

- | | |
|--|--|
| A) The applicant should be between 18 to 35 years of age | B) The applicant must have family income less than ₹40,000 per annum |
|--|--|

NOTE

C) The applicant must have a post-graduate degree

D) The applicant must be at least 8th standard pass

3 The 'Rani Durgavati' Self-Employment Scheme is especially aimed at which of the following target groups?

A) Retired government employees

C) Educated unemployed youth in rural areas

B) Widows and destitute women

D) SC/ST entrepreneurs only

4 The main goal of the Deendayal Self-Employment Scheme is:

A) Providing pensions to old-age farmers

C) Generating self-employment for urban poor through skill development and micro-enterprises

B) Promoting rural tourism

D) Subsidizing import-export traders

5 Under the Deendayal Self-Employment Scheme, financial assistance is provided primarily in the form of:

A) Direct cash transfers

C) Subsidized loans for micro-enterprises

B) Corporate partnerships

D) Investment in share markets

Answer with explanation:

1. B) To create employment opportunities by encouraging self-employment

Explanation: The PMRY was launched to promote self-employment ventures among educated unemployed youth by offering financial assistance and skill training. It focuses on enabling youth to start small businesses or service ventures, thus creating jobs for themselves and potentially for others.

2. C) The applicant must have a post-graduate degree

Explanation: PMRY does not require a post-graduate degree. The minimum educational qualification is 8th standard pass. The age, family income, and educational criteria are set to ensure support for economically weaker and moderately educated youth.

3. B) Widows and destitute women

Explanation: The 'Rani Durgavati' Self-Employment Scheme is designed to empower women, especially widows and destitute

women, by providing financial assistance to help them start small businesses and become self-reliant.

4. **C) Generating self-employment for urban poor through skill development and micro-enterprises**

Explanation: The Deendayal Self-Employment Scheme, also known as Deendayal Antyodaya Yojana, primarily targets the urban poor, providing them with opportunities for skill training and financial support to start micro-enterprises and promote sustainable livelihood.

5. **C) Subsidized loans for micro-enterprises**

Explanation: The scheme offers subsidized loans to eligible individuals and groups to help them set up micro-enterprises. This financial aid is often coupled with capacity-building and training components to enhance sustainability.

B. Short answer Questions :

1. What is the full form of PMRY?
2. In which year was the 'Rani Durgavati' Self-Employment Scheme launched?
3. Who is the target beneficiary of the Deendayal Self-Employment Scheme?
4. What is the main objective of PMRY?
5. Under which department does the 'Rani Durgavati' scheme operate?

Part-2

C. Long Questions : (Answer in 200 words)

1. Describe the eligibility criteria and benefits provided under the Prime Minister Rojgar Yojna (PMRY).
2. Explain the key features and objectives of the 'Rani Durgavati' Self-Employment Scheme.
3. Discuss the role of the Deendayal Self-Employment Scheme in promoting rural entrepreneurship.
4. What are the financial and institutional supports available under PMRY?
5. Compare and contrast the 'Rani Durgavati' and Deendayal Self-Employment Schemes in terms of implementation and scope.

NOTE

Part-3

D. Long answer type Questions : (Answer in 300 words)

1. Critically evaluate the impact of the Prime Minister Rojgar Yojna on youth employment in India. Include data and examples, if possible.
2. Discuss the challenges and limitations faced in the implementation of the 'Rani Durgavati' Self-Employment Scheme. Suggest improvements.
3. Examine the structure, strategy, and outcomes of the Deendayal Self-Employment Scheme, especially in rural areas.
4. How do self-employment schemes like PMRY, 'Rani Durgavati', and Deendayal Scheme contribute to the goal of Atmanirbhar Bharat?
5. Prepare a detailed comparative analysis of the three schemes—PMRY, 'Rani Durgavati' Self-Employment Scheme, and Deendayal Self-Employment Scheme—based on objectives, target groups, financial assistance, and effectiveness.

NOTE

UNIT 7

VARIOUS SUBSIDIES AND SCHEMES

STRUCTURE

- 7.1 Introduction
- 7.2 Objectives
- 7.3 Kind of Incentives & Grants are being given by the Govt. to Industries
- 7.4 Capital Grant
- 7.5 Interest Grant
 - 7.5.1 Exemption from Entry Tax
- 7.6 Project Report Reimbursement Grant
- 7.7 Summary
- 7.8 Glossary
- 7.9 Answers to check your progress
- 7.10 Suggested Readings-OER
- 7.11 Reference
- 7.12 Exercise

7.1 INTRODUCTION

This unit focuses on the various subsidies and incentives offered by the Madhya Pradesh government to encourage industrial development. We will explore the different types of subsidies, such as electricity grants, capital grants, and interest subsidies, and their purpose in attracting investment and promoting entrepreneurship. You will learn about the eligibility criteria and procedures for availing these subsidies. Understanding these incentives can help entrepreneurs reduce their costs and improve the viability of their ventures.

7.2 OBJECTIVES

1. Identify the different types of subsidies and incentives offered by the Madhya Pradesh government.
2. Explain the purpose and benefits of various subsidy schemes.
3. Describe the process of applying for specific subsidies.
4. Analyze the impact of subsidies on industrial development in Madhya Pradesh.

5. Assess the effectiveness of government policies in promoting investment through subsidies.

7.3 KIND OF INCENTIVES & GRANTS ARE BEING GIVEN BY THE GOVT. TO INDUSTRIES

In our State there is an abundance of Natural resources like forests & minerals, along with human resources. Therefore it has a tremendous potential for industrialization. Govt. of M.P. provides lot of incentives & grants to entrepreneurs for setting their industries up in the State. Some of the important incentives are:

1. Electricity Grant
2. State Capital Grant
3. Concession in sales tax & commercial tax
4. Concession in Entry Tax
5. Interest Grant
6. Re-imbursement of expenses incurred towards making the Project Report.

All the districts of the State have been divided into 4 classes according to their level of industrialisation

1. Advanced Districts
2. Backward districts in Class 'A'
3. 'B' Class backward districts
4. C Class backward districts.

The quantum of grants & concessions has been fixed according to the status of their industrialisation. Ultimate aim is that every district gets a level playing field and none of the districts gets discriminated against so that all of them get equitable chance to industrialise. That is why backward districts are given additional grants/concessions/incentives for their rapid industrialisation.

Grant or Subsidy

Grant to the entrepreneurs is given in monetary terms. Credit grant is given on interest rates like 25%, 33% or 50%. Although some institutions do not give direct financial support but they do provide re-imbursement grants for loans that the industrialists have received from other institutions.

Seed Money

Any promoter who wants to start a new project or wants to expand/modernise the existing one is eligible to get financial assistance under Seed Money Scheme.

NOTE

Under this scheme all those industries that are eligible to get direct financial support from IDBI or any other institution can get an amount up to 3 crores at maximum. Seed money is interest free loan and only 1% service tax is levied on it.

**Activity : (7.1)**

Title: Research on Industrial Subsidies

Material Needed: Internet, government reports, notebook, pen

Activity Description:

Prepare a table listing at least five different subsidies or grants provided by the Government of Madhya Pradesh for entrepreneurs. Include the type of subsidy and the eligible industry segment.

Any Other Suggestions:

Visit MP Industrial Development Corporation website or consult a local DIC for authentic data.

7.4 CAPITAL GRANT

New industries coming up in the backward regions get capital grant in following manner

Class	Rate of Capital Grant as % of Fixed Assets	Maximum Limit (In Rs. Lakhs)			
		For General Units		For Specialised Units	
		Small Industries	Medium & Large industries	Small Industries	Medium & Large Industries
Advanced	5%	-	-	1.00	-
A	7.5%	1.50	5.00	2.00	7.00
B	10%	2.00	7.00	2.50	9.00
C	10%	2.50	10.00	4.00	15.00
Growth Centres Industries*	15%	5.00	15.00	5.00	15.00

Growth Centres - They received 15% special grant under the capital grant promulgated by the State and Central Government.

Instructions regarding Capital Grant - Following are the instructions regarding Capital Grants:

NOTE

1. Industries financed by the State will be eligible for the Capital Grant only if the Share Capital contribution of Government is not more than 15%.
2. Industries related to electronics, telecommunications, food processing and petrochemicals come under the specialised industries.
3. Industries that are located in a city (with more than 1 lakh population) or within 8 km distance from the Municipal Corporation limit will not be eligible for State Capital Grant. This rider will not apply on those units, which are set up in a 'Growth Centre' developed by Industrial Centre Development Corporation.
4. Industrial units that are eligible for receiving the Central Capital Grant declared by the GOI will receive the difference between these two schemes (State Capital Grant and Central Capital Grant) as State Capital Grant.
5. Some of the industries have been declared by the State Government as 'not eligible' for the State Capital Grant.

Pioneer Grant - Those units, which are set up in a 'Growth Centre' developed by AKVN will be eligible to get a State Capital Grant (which includes the Capital Grant under normal scheme of the State or the Central Government) of Rs 30 lakh in the form of Pioneer Subsidy.

Special Grant for giving Employment to People from SC and ST Category

- Those units, which fill up 35% of their posts with workers from SC and ST category, will be eligible for a Special Grant (five lakhs max at the rate of 25%). This Special Grant will be in addition to the State Capital Grant. In order to be eligible for this Special Grant the unit has to have 50 workers minimum and all these workers should be permanent residents of M.P. Stipulated 35% of the total employees, which will be from SC and ST categories, should be appointed permanent basis. Another necessary condition for getting this Grant is that all the workers from these categories should have been in service in the unit for at least for last 2 years.

Special Grant for Entrepreneurs from SC and ST Categories - These entrepreneurs will get an additional Special State Capital Grant at the rate of 10% for the industries established by them.

Government not only provides Capital to the entrepreneurs setting their units in backward regions, it also provides grant on the loans in order to facilitate the repayment by the entrepreneurs. Grant on capital is given in the following manner:

For 'A' Class Districts - 10% or Rs 2 lakh whichever is less

For 'B' Class Districts - 12.5% or Rs 2.5 lakh whichever is less

For 'C' Class Districts - 15% or Rs 3 lakh whichever is less

NOTE**7.5 INTEREST GRANT****Interest Grant for the Industries**

Government provides financial assistance in the form of Interest Grant for the industries set up in backward areas. It's an added incentive to the entrepreneurs by the Government for setting up their units in the backward areas.

Only small industries are eligible for Interest Grant. Industries set up by the entrepreneurs of general category will receive the Interest Grant at the rate of 2% for 3 years from the date of payment of the first instalment of the maximum loan. The maximum limit of interest grant in a year is up to Rs 10,000 only. Entrepreneurs from SC and ST categories are entitled to get interest grant at the rate of 4% but there is no limit as far as the quantum of grant is concerned.

Interest grant is given to only those units whose loan account is in order. This grant is given by banks and financial institutions through DICs.

In order to get this grant the applicant unit has to apply for the same to the concerned financial institution by submitting their claim in a quarterly format of that financial institution. But this claim can be submitted only after starting the commercial production and getting a permanent registration by the unit. Later, DIC sends its approval to the concerned bank or financial institution along with a cheque of the required amount drawn in the name of the applicant unit. Entitlement for getting the Interest Grant (maximum for 3 years) is valid only till the unit is functioning and has been paying its liability towards loan and interest on a regular basis.

7.5.1 Exemption from Entry Tax

Many State governments charge entry tax when some raw material is purchased from other state and brought in the related state. Entry tax is a new form of chungli tax. Now-a-days chungli tax is being charged in form of entry tax. Prices of all the raw materials-increases very much due to this entry tax. Raw material is the mam constituent of all the products to be manufactured in all the small scale industries. Because prices of raw materials increase due to heavy entry tax, so the costs of products too increases too much. When the costs of products become too much then entrepreneurs find difficulty in selling of their costly products. As a result their enterprises suffer a great loss. Due to heavy entry taxes, costly products do not find opportunities for proper sale. Consequently small scale industries come to stand still. Though entry tax is extra burden to entrepreneurs of small scale industries, medium size industries and heavy size industries yet it is more teasing to small entrepreneurs.

NOTE

If entrepreneurs of small scale industries are exempted from entry tax they can get lot of relaxation. Government of Madhya Pradesh has launched a scheme of providing exemption from the entry tax. Such new or old industrial units which want to extend their production capacity are eligible to get exemption from entry tax up to next coming years on purchasing the raw material for their industries; The facility of exemption from entry tax enables the entrepreneurs to increase the production capacity of their industrial units. Increment in production capacity of industrial units provides benefit not only to entrepreneurs but also provides benefit to consumers. Due to exemption from entry tax prices of raw materials remain low so costs of products too remain low, as such consumers are benefited.

Thus exemption in entry tax makes a business friendly environment in Madhya Pradesh. It will be better if entry tax exemption is extended to all entrepreneurs whether they are big entrepreneurs or small entrepreneurs since exemption from entry tax benefits not only millionaire industrialists but also all common men of our society.

7.6 PROJECT REPORT REIMBURSEMENT GRANT

Before preparing a project report an entrepreneur performs many activities in which lot of expenses are incurred. Entrepreneur either himself/herself does market survey or get it done by other market surveying agencies. Entrepreneur gets the knowledge of demand volume of product in the market which he wants to produce. Entrepreneur evaluates the technical and economic feasibility himself/herself or get it evaluated by other agencies. Entrepreneur pays fees to agencies for this purpose. Entrepreneur gets information from many sources about availability of raw material, availability of skilled/unskilled labour, availability of machines, etc. For doing so he travels to many places, corresponds to many parties which require lot of expenses. Entrepreneurs go to banks, to know whether his project will be financed or not. Before preparing a project report entrepreneur evaluates the profitability of the proposed unit. All the activities performed before preparation of a project report require lot of money.

After becoming satisfied in all respects about his/her proposed project, an entrepreneur prepares a project report.

Madhya Pradesh Government, Madhya Pradesh Industrial Development Corporation and Directorate of Industries of Madhya Pradesh compensate all the expenses incurred in preparation of project report.

NOTE

Compensation of expenses incurred in preparation of a project report is done only then when proposed project is established in Madhya Pradesh.

Compensation of expenses is made in preparation of those project reports which have feasible profitability, Grant/subsidy for preparation of project report is provided to the entrepreneurs of only those units whose total project cost is not more than 1 crore. Grant/subsidy in preparation project report is provided at the rate of 1% of total project cost. Thus maximum amount of grant/subsidy provided in preparation of project report is Rs. 1 lac.

Provision of reimbursement/compensation grant for the expenses incurred in preparation of project report is certainly encouraging entrepreneurs to set up industries in Madhya Pradesh.

☑ Check Your Progress 7.1**1. Very Short Answer Question**

What is a subsidy?

.....

.....

.....

2. True or False

The Capital Grant is available to all industries in Madhya Pradesh without any condition.

3. Choose the Correct Option

Which of these is a form of subsidy?

- | | |
|------------------------------|------------------------|
| A. Income tax refund | B. Entry tax exemption |
| C. Electricity bill increase | D. Export ban |

4. Fill in the Blanks

Industries located in _____ areas of Madhya Pradesh are eligible for additional capital grants.

5. Very Short Answer Question

Name any two types of grants offered by the MP government to entrepreneurs.

.....

.....

.....

7.7 SUMMARY

1. **Objective:** Ease financial challenges for new entrepreneurs in Madhya Pradesh.
2. **Capital Grants:** Support infrastructure and equipment purchases for startups.
3. **Interest Subsidies:** Reduce loan interest rates, making borrowing affordable.
4. **Tax Exemptions:** Waive entry taxes on machinery to lower setup costs.
5. **Project Report Aid:** Reimburse costs of preparing detailed business plans.
6. **Target Beneficiaries:** Focus on women, rural entrepreneurs, and small-scale units.
7. **Economic Boost:** Encourages investment in priority sectors like agriculture.
8. **Accessibility:** Simplified application processes through government agencies.
9. **Outcome:** Increases business viability and job creation.
10. **Sustainability:** Promotes long-term growth by reducing initial financial hurdles.

7.8 GLOSSARY

- **Subsidies:** Financial assistance provided by the government to support specific industries or activities.
- **Electricity Grants:** Government incentives that help reduce electricity costs for industries.
- **Capital Grants:** Financial assistance provided to businesses for the acquisition of fixed assets.
- **Interest Subsidies:** Government support aimed at reducing the interest rates on loans.
- **Incentives:** Measures designed to encourage certain behaviors or actions.
- **Industrial Development:** The process of growth and expansion of industries within a region or economy.

NOTE

- **Investment:** The act of allocating resources, usually money, with the expectation of earning a profit or return.
- **Economic Growth:** The increase in the production of goods and services in an economy over a specific period.
- **Eligibility Criteria:** The conditions that must be met to qualify for a particular benefit or program.
- **Project Report:** Document outlining the details of an investment proposal.

7.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress - Possible One

1. Financial aid provided by the government to promote business or industry.
2. False
3. B. Entry tax exemption
4. Backward or Growth Centre
5. State Capital Grant, Interest Grant.

7.10 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/User/UnitUrls?unitId=51	

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7.12 EXERCISE**NOTE****Part-1****A. Multiple Choice Questions :****1. Which of the following best describes a Capital Grant under self-employment oriented schemes?**

- | | |
|---|---|
| A. A loan provided for purchasing capital goods | C. An interest-free loan for working capital |
| B. A non-repayable financial support to set up fixed capital assets | D. A subsidy given for training and skill development |

2. What is the primary purpose of an Interest Grant in self-employment schemes?

- | | |
|---------------------------------------|--|
| A. To subsidize training expenses | C. To reduce the burden of loan interest for entrepreneurs |
| B. To cover rent of business premises | D. To fund export promotion activities |

3. Exemption from Entry Tax under self-employment schemes is generally applicable to:

- | | |
|--------------------------------------|---|
| A. Imported finished goods only | C. Capital goods and machinery used in setting up new units |
| B. Raw materials imported for resale | D. Personal vehicles of entrepreneurs |

4. Under the Project Report Reimbursement Grant, the government reimburses:

- | | |
|--|--|
| A. 100% of the total project cost | C. The cost incurred for preparation of detailed project reports |
| B. A fixed percentage of profits for three years | D. The salary of project consultants for one year |

5. Which of the following statements is true regarding self-employment oriented schemes?

- | | |
|---|--|
| A. Capital grants are repayable after five years. | B. Interest grants are only for large-scale enterprises. |
|---|--|

NOTE

C. Entry tax exemption lowers the upfront cost of setting up a unit.

D. Project report reimbursement is available only for export businesses.

Answer with explanation:

1. **B.** A non-repayable financial support to set up fixed capital assets

Explanation: A Capital Grant is a form of financial assistance provided by the government to promote self-employment. It is non-repayable and is typically used to acquire fixed assets like machinery, equipment, or land for business use.

2. **C.** To reduce the burden of loan interest for entrepreneurs

Explanation: An Interest Grant aims to encourage entrepreneurship by reimbursing or subsidizing a portion of the interest on loans taken for self-employment projects. This reduces the overall financial burden on new business owners.

3. **C.** Capital goods and machinery used in setting up new units

Explanation: The Exemption from Entry Tax is typically offered on capital goods and machinery that are brought into a state for establishing a new industrial or self-employment unit. This is to lower the initial setup cost for entrepreneurs.

4. **C.** The cost incurred for preparation of detailed project reports

Explanation: The Project Report Reimbursement Grant provides reimbursement to entrepreneurs for the expenses involved in preparing a professional project report. This is intended to support proper planning and feasibility assessment before launching the business.

5. **C.** Entry tax exemption lowers the upfront cost of setting up a unit.

Explanation: Entry tax exemption on machinery and equipment helps reduce initial investment costs, encouraging self-employment. The other options are incorrect—capital grants are non-repayable, interest grants are often available for small enterprises, and project report reimbursement is not limited to export businesses.

B. Short answer questions :

1. What is a capital grant and how does it benefit new industries?
2. Explain the purpose of an interest grant under government subsidy schemes.
3. What is the significance of exemption from entry tax for small businesses?

4. How does project report reimbursement support aspiring entrepreneurs?
5. List two key objectives of self-employment oriented schemes.

Part-2

C. Long answer type Questions : (Answer in 200 words)

1. Discuss the process and eligibility criteria for availing capital grants under government schemes.
2. Explain the concept of interest grant and how it encourages industrial investment.
3. Describe the role of entry tax exemption in reducing the operational cost of start-ups.
4. Analyze the importance of project report reimbursement grants in the self-employment ecosystem.
5. How do self-employment oriented schemes contribute to economic development and job creation?

Part-3

D. Long answer type questions (Answer in 300 words)

1. Elaborate on the different kinds of financial incentives provided by the government to industries under self-employment schemes. How do they support entrepreneurship?
2. Compare and contrast Capital Grant and Interest Grant in terms of objectives, beneficiaries, and impact.
3. Examine the rationale and implications of the Exemption from Entry Tax provision. How does it benefit new enterprises?
4. Critically analyze the effectiveness of the Project Report Reimbursement Grant in facilitating business planning and startup formation.
5. Suggest improvements to the existing incentive and grant mechanisms to make them more effective for self-employed individuals and small industries.

UNIT 8

WOMEN ENTREPRENEURS

STRUCTURE

- 8.1 Introduction
- 8.2 Objectives
- 8.3 Concept and Functions of Women Entrepreneurs
- 8.4 Various Problems of Women Entrepreneurs
- 8.5 Need of Growth or Causes of Growth of Women Entrepreneurs
- 8.6 Special Incentives for Women Entrepreneurs
- 8.7 Summary
- 8.8 Glossary
- 8.9 Answers to check your progress
- 8.10 Suggested Readings-OER
- 8.11 Reference
- 8.12 Exercise

8.1 INTRODUCTION

This unit focuses on the growing role of women in entrepreneurship and the specific challenges and opportunities they face. We will explore the concept of women entrepreneurship, the factors that motivate women to start their businesses, and the contributions they make to the economy. You will also learn about the various schemes and initiatives designed to support and empower women entrepreneurs.

8.2 OBJECTIVES

1. Define women entrepreneurship and identify the key challenges faced by women entrepreneurs.
2. Explain the factors that contribute to the growth of women entrepreneurship.
3. Identify successful women entrepreneurs and their contributions.
4. Analyze the impact of government schemes and initiatives on women entrepreneurship.
5. Assess the role of women entrepreneurs in the economic and social development of India.

8.3 CONCEPT AND FUNCTIONS OF WOMEN ENTREPRENEURS

"It is the application of general managerial principles to the Concept of Women Entrepreneurs

Based on the general concept of entrepreneur, women entrepreneurs may be defined as a woman or group of women who initiate, organise and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, imitate or adopt a business activity are called "women entrepreneurs". The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a women entrepreneur is defined as "an enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women". However, this definition is subject to criticism mainly on the condition of employing more than 50 per cent women workers in the enterprises owned and run by the women.

In nutshell, women entrepreneurs are those women who think of a business enterprise, initiate it, organise and combine the factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running a business enterprise.

Functions of Women Entrepreneurs

As an entrepreneur, a women entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, determination of forms of business organisation, completion of promotional formalities, raising funds, procuring men, machine and materials and operation of business.

Frederick Harbison has enumerated the following five functions of a women entrepreneur:

1. Exploration of the prospects of starting a new business enterprise.
2. Undertaking of risks and the handling of economic uncertainties involved in business.
3. Introduction of innovations or imitation of innovations.
4. Coordination, administration and control.
5. Supervision and leadership.

The fact remains that, like the definition of the term 'entrepreneur', different scholars have identified different sets of functions performed

NOTE

by an entrepreneur whether man or woman. All these entrepreneurial functions can be classified broadly into three categories:

- 1. Innovation:** According to Schumpeter, an entrepreneur is basically an innovator who introduces new combinations of means of production. Entrepreneurship is a creative activity and the entrepreneur introduces something new in any branch of economic activity. The carrying out of a new combination implies employment of productive means in a changed form. It is not necessary that new combination is carried out by people who control the product or commercial process. A new combination can be carried out by employing both unused and used means of production. As an innovator, entrepreneur foresees the potentially profitable opportunity and tries to exploit it. He is a problem solver and gets satisfaction by attacking problems. According to Schumpeter the basic function of an entrepreneur was to innovate. He wrote “everyone is an entrepreneur only when he actually carries out new combinations and loses that character as soon as he has built up his business, when he settles down to running it as other people run their business”. An entrepreneur was never a risk-bearer, though the basic function of innovation must always appear mixed with other kinds of activity.

Innovation implies doing new things or doing of things that are already being done in a new way. It includes introduction of new products, creation of new markets, application of new process of production, discovery of new and better sources of raw materials and developing a new and better form of industrial organisation. Innovation should be differentiated from research and invention. Research seeks to produce knowledge whereas innovation seeks to produce objects which work and can be sold. Innovation may be based on the application of knowledge produced by research but it may also be completely independent of research. Research and innovation are based on different skills. Innovation requires relevant information about markets, patents and management which have little to do with research. As practice often precedes theory, innovation may open the way to research. For example, steam engine opened the way for the thermodynamics and computers led to programming. Innovations are not necessarily based on research but on ingenious combinations of existing materials and components.

Innovation is also different from invention: Invention implies the discovery of new ideas, new articles and new methods. On the other hand, innovation refers to the application of inventions and discovery to make new combinations and thereby produce satisfaction and profits. Inventions may facilitate innovations but an invention in itself is of little benefit to mankind unless it is

marketable. The innovator provides this missing link. An invention becomes an innovation only when it is embodied in a product or service that can be successfully sold in the market.

- 2. Risk Taking:** Risk taking or uncertainty bearing implies assuming the responsibility for loss that may occur due to unforeseen contingencies of the future. An entrepreneur provides or invests capital in order to establish and run the enterprise. He guarantees interest to lenders, wages to employees, rent to the landlord. After making payment to these persons little or nothing may be left for him. Economists like Cantillon, J.B. Say and others stressed risk taking as the specific function of the entrepreneur. An entrepreneur reduces uncertainty in his plan of investment, diversification of production and expansion of the enterprise.

Business is a game of skill wherein risks and rewards both are great. Ability of the highest order is required for success in entrepreneurship. An entrepreneur is an especially talented and motivated person who undertakes the risks of business. He visualises opportunities for introducing new ideas and handles economic uncertainty. He is an enterprising individual willing to assume the risks involved in innovations, new ventures and expansion of an existing venture.

- 3. Organisation Building:** Alfred Marshall recognised organisation and management of the enterprise as the main function of an entrepreneur. It implies bringing together the various factors of production. The purpose is to allocate the productive resources in order to minimise losses and reduce costs in production. An entrepreneur takes business decisions. In the initial stage of the establishment of an enterprise the entrepreneur may take all decisions by himself. But as the enterprise grows and the work of decision making becomes more complex, the entrepreneur delegates authority to subordinate executives. However, the central function of the entrepreneur remains the same. He alone determines what lines of business to expand into and how much capital to employ. He determines the expansion and contraction of the size of the total business and its various branches. Being at the helm of affairs, the entrepreneur is the final judge in the conduct of his business.

Thus, organisation and management function includes

- a) planning of an enterprise
- b) coordination, administration and control
- c) routine type of supervision

NOTE

In the modern age, entrepreneurs are persons or groups of persons who organise and direct business units. Land, labour and capital are all separately owned and scattered all over the world. It is the entrepreneur who brings them together and harnesses them to work in production. A person may own capital, land or labour but ownership alone does not make him an entrepreneur. What is required is organising ability for assembling these factors of production in the right proportion to obtain the best results.

An entrepreneur formulates business plans and ensures their execution. He coordinates the agents of production, organises and sets up the enterprise and supervises its operations. He thus takes the final responsibility for the business. He makes the final choice concerning the business and shapes the long-term policies of the enterprise. He is a decision-maker and derives satisfaction by attacking problems..

**Activity 8.1**

Title: Profile of a Women Entrepreneur

Material Needed: Internet, local newspapers, notebook

Activity Description:

Prepare a brief profile (200 words) of a successful woman entrepreneur in India. Include her background, business field, challenges faced, and achievements.

Any Other Suggestions:

You can choose entrepreneurs from any industry, e.g., fashion, technology, healthcare, education.

8.4 VARIOUS PROBLEMS OF WOMEN ENTREPRENEURS

Women entrepreneurs encounter two sets of problems, viz., general problems of entrepreneurs and problems specific to women entrepreneurs. These are discussed as follows:

1. **Problem of Finance:** Finance is regarded as "life-blood" for any enterprise, be it big or small. However, women entrepreneurs suffer from shortage of finance on two counts. Firstly, women do not generally have property on their names to use them as collateral for obtaining funds from external sources. Thus, their access to the external sources of funds is limited. Secondly, the banks also consider women less credit-worthy and discourage women borrowers on the belief that they can at any time leave their business. Given such situation, women entrepreneurs are

bound to rely on their own savings, if any and loans from friends and relatives which are expectedly meagre and negligible. Thus, women enterprises fail due to the shortage of finance.

2. **Scarcity of Raw Material:** Most of the women enterprises are plagued by the scarcity of raw material and necessary inputs. Added to this is the high prices of raw material, on the one hand and getting raw material at the minimum of discount, on the other. The failure of many women co-operatives in 1971 engaged in basket-making is an example how the scarcity of raw material sounds the death-knell of enterprises run by women.
3. **Stiff Competition:** Women entrepreneurs do not have organisational set-up to pump in a lot of money for canvassing and advertisement. Thus, they have to face a stiff competition for marketing their products with both organised sector and their male counterparts. Such a competition ultimately results in the liquidation of women enterprises.
4. **Limited Mobility:** Unlike men, women mobility in India is highly limited due to various reasons. A single woman asking for room is still looked upon suspicion. Cumbersome exercise involved in starting an enterprise coupled with the officials humiliating attitude towards women compels them to give up idea of starting an enterprise.
5. **Family Ties:** In India, it is mainly a woman's duty to look after the children and other members of the family. Man plays a secondary role only. In case of married women, she has to strike a fine balance between her business and family. Her total involvement in family leaves little or no energy and time to devote for business. Support and approval of husbands seem necessary condition for women's entry into business. Accordingly, the educational level and family background of husbands positively influence women's entry into business activities.
6. **Lack of Education:** In India, around three-fifths (60%) of women are still illiterate. Illiteracy is the root cause of socio-economic problems. Due to the lack of education and that too qualitative education, women are not aware of business, technology and market knowledge. Also, lack of education causes low achievement motivation among women. Thus, lack of education creates problems for women in the setting up and running of business enterprises.
7. **Male-Dominated Society:** Male chauvinism is still the order of the day in India. The Constitution of India speaks of equality between sexes. But, in practice, women are looked upon as abla, i.e. weak in all respects. Women suffer from male reservations

NOTE

about a woman's role, ability and capacity and are treated accordingly. In nutshell, in the male dominated indian society, women are not treated equal to men. This, in turn, serves as a barrier to women entry into business.

- 8. Low Risk-Bearing Ability:** Women in India lead a protected life. They are less educated and economically not SELF-dependent. All these reduce their ability to bear risk involved in running an enterprise. Risk-bearing is an essential requisite of a successful entrepreneur.

In addition to above problems, inadequate infrastructural facilities, shortage of power, high cost of production, social attitude, low need for achievement and socio-economic constraints also hold the women back from entering into business.

8.5 NEED OF GROWTH OR CAUSES OF GROWTH OF WOMEN ENTREPRENEURS

Women entrepreneurs have been making a significant impact in all segments of the economy in Canada, Germany, UK, USA and Australia. The areas chosen by women are retail trade, restaurants, hotels, education, cultural, cleaning, insurance, readymade garments. The following are the main reasons for entry of women entrepreneurs.

The important motives for women to become entrepreneurs are economic needs of pressures, utilisation of own experience and education, husbands or family's interest or support, availability of free time and finance, desire to become independent and personal ego and satisfaction of doing something of their own.

1. Economic needs.
2. Utilisation of own experience and technical education.
3. Husband's family Interest and support.
4. Availability of free time and finance.
5. Personal ego.
6. Less mobility.

- 1. Economic needs** - It is observed that this motive is most dominant, specially, in low income group where about 82% of women consider it as the prime motive because of obvious reasons. Approximately, 25% of women entrepreneurs from middle income group also have this as a motive.
- 2. Utilisation of own Experience & Technical Education** - Amongst the women entrepreneurs, with education in Science &

Technology, this is the dominant motive for 75%, while amongst others it plays a minor role.

3. **Husband's Family's Interest & Support** - This is the reason why 50% of women come forward to become entrepreneurs. In case of unmarried women, the family interest is observed in 18% of cases.
4. **Availability of Free time and Finance** - About 60% of the housewife turned-entrepreneurs feel that their children had grown up and they have free time which prompts them to start their business ventures. Amongst the women of higher middle class, this motive is stronger, as apart from free time, money is also available with them.
5. **Personal Ego and Satisfaction** - This motive is present in more qualified women as well as those from higher middle class. Women's ego is often the reason to become an entrepreneur as they want to do things on their own. Some of them also feel as to why their husbands should bear their burden.

Thus, it is basically their sense of independence that motivates them towards entrepreneurship. Presently over 60% of women entrepreneurs; other than those from low income group, are coming from graduate and post-graduation level. Half of these women have nil or negligible work experience. Most of them are housewives converting to entrepreneurs. This profile of women entrepreneurs along with certain constraints, special to women due to our socio cultural environment, offer the opportunities available to women for business. Thus, selection by women is affected by the following -

- Husband's family's business or his technical experience.
- Own knowledge/skill.
- Least mobility
- Moderate Investment.
- Moderate economic expectation..
- Good local/national market.

Husband's/family's Business or his Technical Background - By and large all women entrepreneurs seek help from the family members regarding their projects in different forms. A study has revealed that 425 of women needed help in marketing their products, about 20% sought moral support. Surprisingly, only 19% sought help in technical know-how. Husband's business or technical background has been the major determining factor in selecting the business venture because of

NOTE

(a) the required technical/market information in initial phase providing a support because of the required technical market information in initial phase providing a support-base to fall Upon in case of exigencies.

"The little man behind every successful women" may not necessarily be true for all successful women, but it is true that behind almost every successful Woman there has to be a man who would pave the way either with money, business knowledge or moral support. Women having business dealings of male services/products and dealing with skilled male employees or male clientele generally have men in their background.

Own Knowledge/skill - For women with technical qualification or longer experience, own knowledge or skill affects the selection of the business opportunity. For the vast majority, this has the best effect in selection but many people select project different from their knowledge/skills and depend on hired technical help for production/service.

Least Mobility - It has also been observed that the maximum help these women sought is in the area where mobility is required, like moving in the market or visiting financial institutions for sanctioning of loans, etc. Is it because of the fact that the idea of women entrepreneurship offends the Indian tradition and restricts freedom of movement and socialising of women? Are women more vulnerable to harassment and exploitations or is it because of the women's lack of confidence in their own ability and potential?

Whatever be the reason, the fact remains that while selecting a business opportunity, mobility is very important or perhaps a dominant factor with most of them. Not only the business ventures involving low mobility are preferred but those with least mobility are sought after. This normally results in setting up an ancillary unit or becoming a permanent vendor to an established firm.

Moderate Investment - Mostly women are interested in moderate returns. Knowing their other limitations, they prefer smaller projects and thus select business opportunities requiring moderate investment. Merely 10-12% of women set up their ventures with investment above Rs. 10 lakh. Approximately, 70% of enterprises set-up by women range between Rs. 1 lakh to Rs. 5 lakh investment.

There is a general belief that women have inclination towards simple products involving low technologies. The impression is that pickles and garments are the products specially suitable for women. While the selection of opportunity is based on the motives and special constraints for women, the enterprises set-up by women cover a wide range of activities and only 2% are in food products and 13% in traditional business of garments/hosiery, 20% women opt for chemicals and

another 12% for engineering items. The selection of business venture is dependent on the background of the entrepreneur.

8.6 SPECIAL INCENTIVES FOR WOMEN ENTREPRENEURS

Various banks are providing many incentives for development of women entrepreneurship. Programmes of various nationalized banks operated for women entrepreneurs are as follows:

I. Schemes of Central Bank of India for Self-employment of Women

Various schemes run by Central Bank of India are as follows:

1. **Saint Kalyani Scheme** - Central Bank of India is a lead bank, of Madhya Pradesh. Central Bank of India has launched Saint Kalyani Scheme for encouraging women entrepreneurs to set up their industries and businesses. Under this scheme activities related to beauty parlour, baby cradle, preparation of papad and pickles, bakery, tailoring, coaching classes, publishing work, etc. are provided loans from Central Bank of India. Under this scheme a maximum loan up to Rs. 10 lacs is being provided to women entrepreneurs. No margin money is taken for loans up to Rs. 25,000, 15% margin money is taken for loans ranging from Rs. 25,000 to Rs. 2 lacs and 20% margin money is taken on the loans above Rs. 2 lacs. No guarantee is required for loans up to Rs. 25,000/- and third party guarantee is required for loans above Rs. 25,000/-. Term loan taken under this scheme can be repaid within 3 to 5 years.
2. **Scheme of providing financial assistance for setting up various professions** - Under this schemes activities related to architecture, interior decorator, medical practitioner, dental doctor, commercial artist, lawyer, computer services etc. can get financial assistance from Central Bank of India. A maximum loan up to Rs. 5 lacs (including Rs. 1 lac margin money) is advanced under this scheme. No margin money is taken for loans up to Rs. 25,000/-, 15% margin money is to be deposited for loans ranging from Rs. 25,000/- to Rs. 2 lacs and 20% margin money is to be deposited for loans above Rs. 2 lacs. No bank guarantee required for loans up to Rs. 25,000/-, assets purchased are treated as bank guarantee, bank guarantee for loans above Rs. 25,000/- is required according to normal standards. Loan can be repaid within 5 years.

NOTE

3. Scheme of providing assistance for setting up small industries - Under this scheme industrial units which want to do production, processing or preservation of some articles are advanced financial assistance. A maximum loan up to Rs. 60 lacs can be financed under this scheme. No margin money is taken for loans up to Rs. 25,000/-, 20% margin money is required for loans ranging from Rs. 25,000/- to Rs. 5 lacs, margin money for loans above Rs. 5 lacs is deposited according to the wish of Bank manager. No bank guarantee required for loans up to Rs. 25,000/-, bank guarantee for loans above Rs. 25,000/- is taken according to common norms. Loan can be repaid within a period of 3 to 7 years.

4. Scheme of providing assistance for setting up retail business - Under this scheme women entrepreneurs who want to set up fruit shop, vegetable shop, towers shop, pan-cigarette shop, general items shop, consumer cooperative store etc. are eligible to get financial assistance from bank. A maximum loan up to Rs. 2 lacs can be advanced to women entrepreneurs. No margin money required for loans up to Rs. 25,000/-, 20% margin money is required for loans ranging from Rs. 25,000/- to 2 lacs. Loan can be repaid within 3 to 7 years.

II. Priyadarshni Schemes of Bank of India

Bank of India is operating "Priyadarshni scheme" for encouraging women entrepreneurs to set up self-employment. Various schemes operated under this scheme are as follows:

1. Scheme of providing assistance for setting up small scale industries and cottage industries - Under this scheme women entrepreneurs who want to set up small scale industries, cottage industries, can get financial assistance from Bank of India. A working capital is provided for works related to masonry e.g., purchase of land, buildings, construction of buildings, furniture, machinery and implements, etc. Loan is financed according to the necessity of the unit. For setting up cottage and rural industries, no margin money is required for a loan up to Rs. 25,000/-, For setting up small scale industries, 10 to 20% margin money is required for loans ranging from 25,000/- to 5 lacs. No bank guarantee is needed for loans up to Rs. 25,000/-, assets purchased with loan is treated as bank guarantee, for loans above Rs. 25,000/- is required according to general norms, Bank loan can be repaid within a period of 3 to 7 years.

2. Scheme of providing assistance for setting up professional enterprises - Women having professional ability, who want to set up an enterprise related to professions like architect,

chartered accountant, doctor, pleader, computer specialists etc. can get assistance under this scheme. Maximum loan up to Rs. 5 lacs can be given under this scheme, in which a working capital of Rs. 1 lac is included in it. A maximum loan of Rs. 10 lacs can be financed under this scheme for setting up hospital or nursing home in semi-urban or rural areas. No margin money is required for loans up to Rs. 25,000/- 15% margin money is required for loans, above Rs. 25,000/- in semi-urban or rural areas, 20% margin money is needed in urban and developed areas. No bank guarantee is required for loans up to Rs. 25,000/-, assets purchased are treated as bank guarantee, margin for loans above Rs. 25,000/- is taken as per general norms. Loan can be repaid within a period of 3 to 6 years.

- 3. Scheme of providing assistance for purchasing vehicle -** Women entrepreneurs who want to purchase tempo, autorickshaw, bus, truck, taxi, etc. for commercial use, can get financial assistance from Bank of India.
- 4. Maximum amount of loan** depends on requirement of woman entrepreneur or price of vehicle to be purchased. No margin money required for loan up to Rs. 25,000/-, 15% margin money is required in units of rural, semi-urban areas, 20% margin money is required in urban areas. No bank guarantee is required for loans up to Rs. 25,000/- assets purchased with loan are treated as guarantee in bank. For loans above Rs. 25,000/- bank guarantee is needed as per general norms. Loan can be repaid within 3 to 5 years.
- 5. Assistance Scheme for retail shops -** Women entrepreneurs who want to set up general items store, kirana shop, super market, etc. are provided loans required for working capital to operate these enterprises. Maximum amount of loan in individual cases is Rs. 2.00 lacs and maximum amount of loan for setting up fair price shops can be more than Rs. 2 lacs. No margin money is required for loans up to Rs. 25,000/-, 15% for loans above Rs. 25,000/- in rural, semi-urban areas and 20% in urban areas. No bank guarantee required for loans up to Rs. 25,000. Bank guarantee for loans above Rs. 25,000/- is required as per general norms. Bank loan may be repaid within a maximum period of 3 years.

III. Women Power Package Scheme

This scheme is being operated by State Bank of India and its allied banks. Women entrepreneurs who want to start their own business can get financial assistance under this scheme.

NOTE

Various schemes of Women Power Package Yojna are as follows:

- 1. Scheme of assistance for professional businesses** - Women entrepreneurs having professional abilities like company secretary, chartered accountant, doctor, lawyer, architect or commercial artist are advanced loans under this scheme. A maximum term loan of Rs. 2 lacs can be financed, in which Rs. 1 lac is for working capital. No margin money is required for loans up to Rs. 25,000/- and 15% margin money is needed for loans above Rs. 25,000/-.
- 2. Assistance scheme for small businesses** - Women entrepreneurs who want to set up laundry, tea stall, restaurant, hotel, beauty parlour, library, typing institute, coaching classes etc. are provided financial assistance from SBI and its allied banks under this scheme. Maximum term loan of Rs. 1.50 lacs and Rs. 1 lac for working capital can be financed under this scheme. No margin money is expected for loans up to Rs. 25,000/-, 15% margin money for loans ranging from Rs. 25,000/- to Rs. 50,000/-, and 20% for loans above Rs. 50,000/- is expected.
- 3. Assistance for cottage industries and handicrafts** - Women entrepreneurs who want to set up handlooms, handicrafts, dolls and bangle manufacturing unit, papad making unit, etc. in rural areas or small towns are financed loans under this scheme. Maximum loan for cottage industries is financed up to Rs. 25,000/- which includes term loan and working capital both. No margin money is expected. 0.5% rebate in interest rates is provided to women entrepreneurs under this scheme.

IV. Miscellaneous Schemes

In order to make women powerful and capable some other schemes operated by Central government are as follows:

- | | |
|---------------------------------------|--|
| a) Women Self-Power scheme. | g) Indira Women Yojna. |
| b) National maternity Benefit Scheme. | h) Health Friend Scheme. |
| c) Girls Prosperity Scheme. | i) Rural Women Development Project. |
| d) Mother and Baby Health Scheme. | j) Dabakua Scheme. |
| e) New Model Charkha Yojna. | k) State Rajeshwari Insurance Scheme |
| f) National Women Fund Yojna. | l) Naurak Training Scheme. |
| | m) Girls Power Scheme. |
| | n) Proper Education Women Prosperity Scheme. |

Prospects and Possibilities of Women Entrepreneurship Development

Now-a-days Indian women are not limited only up to their kitchen. They are becoming aware in all respects. They are getting education of all fields. Results of various board examination and university examinations give evidence of intelligence of girls. Girls are becoming more studious as compared to boys. They are becoming engineers, doctors, scientists, cosmonauts, aeronauts, managers, businessmen and industrialists. They are heading many big industrial and business enterprises. Women are setting up and operating efficiently small scale industries, small scale businesses, medium size or large size industries and businesses. Entrepreneurship is not an unknown matter for them. They are confident about their abilities and capabilities required for establishing and operating industries/businesses.

Due to various incentives being provided by Central government and State governments, women are tempted to become entrepreneurs. Now-a-days Indian women are not hesitant in setting up and operating industries and businesses. Apart from incentives of government various financial, technical and development institutions are providing many facilities to women entrepreneurs. Our society also is accepting their role as entrepreneurs whole heartedly. Thus future of women entrepreneurship is bright. Prospects and possibilities of women entrepreneurship development in India are wide.

☒ Check Your Progress: (8.1)

1. Very Short Answer Question

Define a women entrepreneur.

.....

.....

.....

2. True or False

A women entrepreneur must employ at least 75% women workers in her enterprise as per government definition.

3. Choose the Correct Option

Which bank launched the 'St. Kalyani' scheme for women entrepreneurs?

- | | |
|------------------|--------------------------|
| A. Bank of India | B. Central Bank of India |
| C. SBI | D. HDFC |

NOTE**4. Fill in the Blanks**

Women entrepreneurs face challenges such as _____ and _____ in starting a business.

5. Very Short Answer Question

Name any two special schemes for women entrepreneurs.

.....

8.7 SUMMARY

- 1. Rising Role:** Women are increasingly driving entrepreneurship in India.
- 2. Challenges:** Face limited finance, societal biases, and low mobility.
- 3. Motivations:** Economic needs, skills, and desire for independence inspire ventures.
- 4. Financial Barriers:** Lack of collateral and bank skepticism hinder funding.
- 5. Support Schemes:** Saint Kalyani and Priyadarshni offer tailored loans for women.
- 6. Bank Incentives:** Central Bank of India provides low-interest loans up to Rs. 10 lakhs.
- 7. Social Shift:** Growing acceptance of women in business roles.
- 8. Education Impact:** Higher literacy among women boosts entrepreneurial confidence.
- 9. Future Outlook:** Government support and awareness promise brighter prospects.
- 10. Economic Contribution:** Women-led businesses enhance job creation and innovation.

8.8 GLOSSARY

- Women Entrepreneurs: Women who initiate, organize, and operate a business enterprise.
- Empowering: Giving someone power.
- Initiatives: An act or strategy intended to resolve a difficulty or improve a situation
- Obstacles: A thing that blocks one's way or prevents progress

- Possibilities: A thing that may happen or be the case
- Financial Interest: Ownership of assets or a share in a business.
- Equity: The value of an ownership.
- Social Empowerment: The process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.
- Economic Independence: The ability of an individual, group, or country to support oneself without reliance on others.
- Gender Equality: The state in which access to rights, resources and opportunities is unaffected by gender.

8.9 ANSWERS TO CHECK YOUR PROGRESS

Check Your Progress – Possible One 8.1

1. A woman or group of women who initiate, organize, and operate a business enterprise.
2. False
3. B. Central Bank of India
4. Lack of finance, social restrictions
5. Priyadarshni Scheme, Women Power Package

8.10 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/UnitUrls?unitId=52	

8.11 REFERENCES

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NOTE

4. Brush, C.G., et al. (2018). "Women Entrepreneurs: Insights from Global Research." *Academy of Management Perspectives*, 32(3), 3-19.
5. Scarborough, N.M. (2016). *Essentials of Entrepreneurship and Small Business Management*. Pearson Education, USA.

8.12 EXERCISE

Part-1**A. Multiple Choice Questions :****1. What is the primary purpose of a capital grant given to women entrepreneurs?**

- | | |
|---|---------------------------------|
| a) To fund educational institutions | c) To pay salaries of employees |
| b) To support initial infrastructure investment | d) To promote export of goods |

2. An interest grant is mainly given to:

- | | |
|--------------------------------|--------------------------------------|
| a) Reduce GST burden | c) Lower the cost of borrowing loans |
| b) Subsidize operational costs | d) Waive penalties |

3. Exemption from entry tax is usually applicable on:

- | | |
|--|---------------------------|
| a) Export of raw materials | c) Sales within the state |
| b) Import of machinery and capital goods | d) Income tax returns |

4. The Project Report Reimbursement Grant is provided to:

- | | |
|---|---|
| a) Pay staff salaries | c) Refund the cost of preparing a business project report |
| b) Reimburse consultants' travel expenses | d) Cover marketing costs |

5. Which of the following is NOT a direct financial incentive offered to women entrepreneurs?

- | | |
|------------------------|---------------------------------|
| a) Capital grant | c) Project report reimbursement |
| b) Entry tax exemption | d) Business mentoring sessions |

Answer with explanation:

1. **b)** To support initial infrastructure investment

NOTE

Explanation: Capital grants are provided to support the setting up of infrastructure, purchase of machinery, and plant establishment which form the base for starting a business.

2. c) Lower the cost of borrowing loans

Explanation: Interest grants help women entrepreneurs by reducing the rate of interest on loans, making finance more affordable.

3. b) Import of machinery and capital goods

Explanation: Entry tax exemption is provided for bringing in capital goods and machinery necessary for setting up the enterprise.

4. c) Refund the cost of preparing a business project report

Explanation: The government reimburses the cost incurred in preparing detailed project reports to encourage business planning among new entrepreneurs.

5. d) Business mentoring sessions

Explanation: Business mentoring is a non-financial support. The other three options are financial incentives or grants.

Part-2

B. Short Type Question :

1. What is a capital grant in the context of women entrepreneurship?
2. Define the term interest grant.
3. What is the objective of entry tax exemption for women entrepreneurs?
4. Mention any one benefit of project report reimbursement for new women-led enterprises.
5. Name two types of grants available for women entrepreneurs provided by the government.

C. Long answer type questions : (Answer in 200 words)

1. Discuss the purpose and significance of capital grants provided by the government to women entrepreneurs.
2. Explain how interest grants help in reducing the financial burden for women-owned start-ups.
3. Describe the exemption from entry tax and how it encourages entrepreneurship among women.
4. What is project report reimbursement? Explain its utility for aspiring women entrepreneurs.

NOTE

5. Highlight the various financial incentives offered by the government to promote women entrepreneurship.

Part-3

D. Long answer type Questions : (Answer in 300 words)

1. Elaborate on the different types of financial incentives and grants available to women entrepreneurs under government schemes.
2. Discuss the role of capital and interest grants in the development of women-led enterprises with examples.
3. How does the reimbursement of project reports contribute to ease of doing business for women entrepreneurs? Discuss with merits.
4. Analyze the overall impact of tax exemptions and financial grants on the growth of women entrepreneurship in India.
5. Critically examine the effectiveness of government-sponsored incentives in promoting inclusive economic participation through women entrepreneurship.

NOTE

UNIT 9

OTHER SCHEMES OF M.P. GOVERNMENT

STRUCTURE

- 9.1 Introduction
- 9.2 Objectives
- 9.3 Schemes of M.P. Tribal Finance and Development Corporation
- 9.4 Schemes of M.P. Backward Class and Minorities Finance Development Corporation for Backward Classes
 - 9.4.1 Objective of the corporation
- 9.5 Summary
- 9.6 Glossary
- 9.7 Answers to check your progress
- 9.8 Suggested Readings-OER
- 9.9 Reference
- 9.10 Exercise

9.1 INTRODUCTION

This unit provides information on other specific schemes offered by the Madhya Pradesh government to support various segments of the population in pursuing self-employment and entrepreneurship. We will explore schemes targeted at tribal communities, backward classes, and other specific groups, highlighting the eligibility criteria and benefits of each scheme. Understanding these targeted initiatives can help individuals from diverse backgrounds access opportunities for economic empowerment.

9.2 OBJECTIVES

1. Identify specific schemes offered by the Madhya Pradesh government for different communities.
2. Explain the eligibility criteria and benefits of schemes for tribal communities and backward classes.
3. Describe the process of applying for these specific government schemes.
4. Analyze the effectiveness of targeted schemes in promoting economic inclusion.
5. Assess the overall impact of Madhya Pradesh government schemes on entrepreneurship development.

9.3 SCHEMES OF M.P. TRIBAL FINANCE AND DEVELOPMENT CORPORATION

M.P. Tribal finance and Development Corporation was established on 29th September 1994 under section 25 of Indian company Act, 1956. The corporation started various self-employment schemes for state's tribals from 1st April 1995. The main aim of this corporation is to develop the tribals of the state economically, socially and educationally and end their exploitation by lifting them over line of poverty and providing them interest free loans.

The corporation conducts the schemes directly and also schemes funded by banks. The corporation also provides loans for establishment of industries at a very low interest ratio. Special loans schemes are also there for women entrepreneurs.

Corporation organises exhibitions from time to time to advertise its programmes and schemes.

Tribal women empowerment scheme

The first main point of the corporation is the empowerment of tribal women. Keeping this aim in view the corporation has started tribal women empowerment scheme.

Eligibility -

1. Those tribal women will be eligible to get benefit under the scheme who are Bonafide citizens of M.P. and are declared by government of India as tribal of M.P
2. The annual family income of the women should not exceed twice the limit of line of poverty i.e. Rs. 39,500 p.a. in rural areas and Rs. 54,500 in urban areas.
3. The women's age should not be less than 18 years.
4. The women shouldn't have taken loan previously from anywhere.
5. The women shouldn't have taken benefit of any other scheme of corporation.

Procedure -

1. Those women desirous of taking loan under the scheme should contract branch manager of the corporation or M.D. of District Trade Centre.
2. Out of those who fulfil the criteria prescribed, final selection is made by lottery system.

Limit of Loan - Under this scheme every applicant is given term loan for Project/Scheme up to Rs. 50,000 p.a.

NOTE**Interest Rate - Maximum interest rate charged is 4%**

Repayment period- Maximum repayment period is 10 years and the instalments are half yearly/Yearly as per the situation. This period is described in writing in the sanction letter.

No contribution is taken from the applicant under this scheme.

Schemes of M.P. Antyavasayee Finance Development Corporation

The main aim of this corporation is to economically uplift the people of scheduled caste who are living below poverty line as decided by government and concerned national corporations.

The main schemes run by corporation are as follows -

- I. Self-employment scheme aim of scheme** - Economically uplift the applicants, of scheduled castes who are living below poverty line through self-employment.

Form of the Scheme- In this scheme unemployed persons are provided loans from banks for small industry, agro based industry, agriculture & retail business. The corporation provides 50% of sanctioned loan or maximum Rs. 10,000/- as contribution whichever is less.

Selection procedure for applicants -

- (1) The applicant should submit the application form along with photocopies of certificates of income, caste and residence to the Zila Antyavasayee Co-Operative Development Samiti of District or room established under one roof of District Industry Centre according to the aims set for the district.
- (2) The applicants will be selected by the selection committee established at the district level. Those selected will be provided loan as per the set terms.

Eligibility for Selection - The applicant should be member of scheduled caste, Resident of District, should provide certificate of revenue officer that he belongs to below poverty line category, Rashan Card, Caste Certificate, Certificate that he has not taken loan previously from anywhere and his age should be between 18 and 45 years. He/she should also submit certificate of revenue officer that his/her annual income is below Rs. 15976/- p.a. in case of rural area and below Rs. 21,206/- p.a. in case of urban area.

II. Reputation Rehabilitation Scheme

Aim of Scheme - Persons who are engaged in inhuman work like sweeper etc to free them and provide them economic assistance for establishing industry/business according to their interest.

Form of scheme - In this scheme unemployed persons are provided loan from banks for small industry, agro based industry and business.

NOTE

The corporation provides 50% of sanctioned loan or maximum Rs. 10,000 as contribution whichever is less. The corporation also provides 15% of sanctioned loan or maximum Rs. 7500 as margin money.

Selection Procedure for Applicants -

The applicant should submit the application form along with photocopies of certificates of income, caste and residence to the Zila Antyavasayee Co-Operation Development Samiti of concerned district or room established under one roof of district industry centre according to the aims set for the district.

The applicants will be selected by the selection committee established at the district level. Those selected will be provided loan as per the set terms.

Eligibility for selection - The applicants name should be in the survey list of district, or concerned certificate of revenue officer that he/she is sanitation employee (sweeper). He/she should be Bonafide resident of district. No restriction of caste/income is prescribed. He/she should provide certificate that he/she should provide certificate that he/she - has not taken loan previously from anywhere.

**Activity: (9.1)**

Title: Exploring MP Government Welfare Schemes

Material Needed: MP government websites, newspaper clippings, notebook

Activity Description:

Make a list of five schemes by the Madhya Pradesh Government for promoting entrepreneurship among Scheduled Castes, Scheduled Tribes, Minorities, and Backward Classes. Briefly describe the objective of each.

Any Other Suggestions:

You may visit the DIC office for brochures or speak to local beneficiaries.

9.4 SCHEMES OF M.P. BACKWARD CLASS AND MINORITIES FINANCE DEVELOPMENT CORPORATION FOR BACKWARD CLASSES

For the welfare of the backward class people, State Government has established M.P. Backward Class Finance Development Corporation on 29th September 1999. While doing so, an attempt has been made to help the poorest of the masses. Along with this, corporation also has been entrusted with the welfare of the minority community.

By eliminating the financial hurdles afflicting the skill and progress of the poor people, the corporation renders help to the backward class through self-employment schemes.

NOTE

Through this Corporation, financial aid is being granted via the State channelising agency. Provision has been made to grant 30% of the total loan to the eligible woman applicants by the State channelizing agency.

9.4.1 Objective of the Corporation

The main objective of the corporation are:

- To enlarge the scope of the financial agencies with a view to provide better benefits to the Minority and Backward class.
- To provide loans and advance cheques to the Backward and Minority class people, to render financial assistance to them in conformity with the norms and guidelines laid down by the government from the time to time.
- Encouraging the self-employment schemes and other suitable schemes for the benefit of the Backward and Minority class.
- People from below poverty line and backward and minority class to receive. Concessional loans in special cases.
- To give loans for technical education and training as also industrial knowledge to Backward and Minority class.
- To help the Backward and Minority class for improving their Technical and Industrial skill.

For fulfilment of those objectives the following schemes are being implemented through the active co-operation of the National Corporations exc

lusively for Backward and Minority Classes:

Self-Employment scheme

Sl. No.	Scheme	Project outlay	
		Backward class	Minority class
1.	Agriculture & Related Sector		
	Dairy	70,000/-	52,500/-
	Small industry		
2.	Bakery	25,000/-	25,000/-
3.	Hotel/Dhaba	31,000/-	20,000
4.	Pan shop	25,000/-	15,000/-
5.	Readymade Garments	90,000/-	-
6.	Fruit/vegetables	7,000/-	7,000/-
7.	Dyeing printing	35,000/-	25,000/-
8.	General Store	25,000/-	25,000/-

NOTE

9.	Auto repair parts Technical/Service related	50,000/-	45,000/-
10.	Auto repair	20,000/-	20,000/-
11.	Cycle repair	25,000/-	25,000/-
12.	Electrical Motor Rewinding	55,000/-	35,000/-
14.	Printing Press	1,00,000/-	1,00,000/-
14.	Tailoring shop	40,000/-	40,000/-
15.	Car workshop Artesian/Tradition	50,000/-	50,000/-
16.	Barber shop	25,000/-	25,000/-
17.	Carpenter shop	20,000/-	20,000/-
18.	Laundry shop	20,000/-	20,000/-
19.	Embroidery	25,000/-	25,000/-
20.	Blacksmith	20,000/-	-
21.	Potter	30,000/-	-
22.	Weaver	35,000/-	-
	Transport		
23.	Auto rickshaws	50,000/-	55,000/-

Following will be the interest rate of loans granted by the National Corporations revised Lending Policy as per the action plan :

- | | | | |
|----|----------------------------|---|---------|
| 1. | Loan up to Rs. 2.00 lakh | - | 7% |
| 2. | Loan above Rs. 2.00 Lakh | - | 10% p.a |
| 3. | Transport field all groups | - | 12%p.a |

Eligibility:

The Corporation helps different people from Backward and Minority class to establish self-employment by providing them financial aid by way of loans. The recipients should be from below the poverty line and their Annual Family Income should be below Rs. 21,206/- in the city area where as is should be below Rs.15,976/- in the rural area and under the Double poverty line category, the income should be below Rs. 42,412/- in the city area and below Rs. 31,952/- in the rural area.

Backward classes:

These category or group of people should conform to the periodical declarations by Government of India concerning their backwardness both socially and educationally.

NOTE**Minority Group:**

In this group Muslims, Christians, Sikh, Buddhists and Parsis have been included

Recovery of loan:

Recovery starts from the month following disbursement of loan amount in 60 equal installments.

Loan Process:

At the District level, operation of the self-employment schemes of the Corporation is carried through District Industries Centres under the direction of the District Collector. Before selection of the beneficiaries, publicity is made to brief the common people about the benefits of the schemes and the people are instructed to obtain the application forms from the Janapad Panchayat or District Panchayat. The application forms have to be submitted in the office of the District Industries Centre. Selection of the applicants is done with the approval of the Sub-committee of the District Planning Committee.

Swarnima Scheme:

For inculcating the sense of self-independence and self-respect amongst the women from the backward classes, a special scheme called 'Swarnima' has been introduced by the corporation. The brief description of the Swarnima scheme is given below:

- Women beneficiaries do not have to make any contribution.
- Under the scheme, maximum loan of Rs.1.00 lakh per beneficiary will be granted.
- Loan repayment period under this scheme is 12 years where as the normal schemes loan repayment period is 10 years.
- 4% annual interest rate is charged on a loan of up to Rs.1.00 lakh whereas the annual interest rate on general loans is 7%

Educational Loan Scheme:

The corporation has introduced a scheme for financial assistance for the students from the backward category living below the poverty line. The financial aid is meant for acquiring Technical Education, Management studies and Training.

Eligibility:

The student applicant seeking financial aid must have secured admissions to any Institute approved by A.I.C.T.E. or Medical Council of India.

Limit of Loan -

Maximum loan of Rs.75,000/-per student per year or up to Rs.3,00,000/- for the entire course of study.

Mode of Repayment-

The loan repayment should commence after 6 months from the date completion of the course or from the month the student gets employment or commences self-employment whichever is earlier. The total repayment period will last for 5 years and the said repayment will be made in equal monthly instalments.

Rate of Interest -

Annual Rate of Interest will be 4.5% and for timely and regular repayment, the loan will be eligible for 0.5% concession.

Training Scheme -

The Corporation organizes Training for members from backward class for providing Industrial & Technical skill and knowledge.

The training makes them self-confident and expert. The subsidy for training granted through state channelising agency/ institute. After successful completion of training, the trainee can avail of the ordinary loan from the corporation for setting up his own business.

M.P. backward class and Minority finance and Development Corporation give loan facilities for the firms established by the handicapped persons:

The Corporation offers loan facilities for the co-operative committee of the handicapped persons as also for the firms set up by the handicapped persons.

Application Eligibility:

- Co-operative committee of Handicapped person.
- Legally constituted Association of the Handicapped people.
- The firm established by Handicapped person.
- It is very essential to fulfil the above mentioned conditions of the Board/Association/ Committee for securing the desired loan.
 - (i) Any Indian citizen whose handicap level is above 40%.
 - (ii) The age of applicant should be between 18 and 55 years.
 - (iii) Annual Income: For city area Rs. 60,000 per year. For rural area Rs.55,000 per year.
 - Relevant Educational/Technical/Business experience and qualification.
 - Certificate proving the resident of Madhya Pradesh.
 - Should not have taken loan from any other source.

NOTE**How to make the application:**

The applicants will have to submit their application in the prescribed format. The format under reference can be had from District Industries centre.

Condition:

- a) Promoters contribution and Interest rate for Term loan –

Project cost	Share of NHFDC	Share of related agency	Share of application	Annual rate of interest
1. less than Rs. 50,000	100%	-	-	5%
2. more than Rs. 50,000 and less than 1.00 lakh	95%	5%	-	6%
3. more than Rs. 1.00 lakh and less than Rs. 5.00 lakh	90%	5%	5%	9%
4. more than 5.00 lakh	85%	5%	10%	10%

- b) All the loans to be paid within 7 years.
- c) The repayment of loan will be either by monthly/quarterly or half yearly instalments.
- d) 2% concession on the loan will be either by monthly / quarterly or half yearly instalments.
- e) For premature and complete repayment of loan 0.5% concession/discount is allowed.

☑ Check Your Progress: 9.1**1. Very Short Answer Question**

When was MP Tribal Finance and Development Corporation established?

.....

.....

.....

2. True or False

The MP Antyavasayee Finance Development Corporation helps only large companies.

3. Choose the Correct Option :

Which corporation runs the Swarnima Scheme for backward class women?

A. MPFC

B. MP Tribal Corporation

NOTE

C. MP Backward Class and Minorities Finance Development Corporation

D. MP State Textile Corporation

4. Fill in the Blanks :

The MP Backward Class Corporation provides loans at concessional rates to people living below the _____.

5. Very Short Answer Question :

Name any two schemes run by MP Antyavasayee Finance Development Corporation.

.....

9.5 SUMMARY

1. **Focus:** Targets tribal, backward, and minority communities for entrepreneurship.
2. **Tribal Schemes:** M.P. Tribal Finance Corporation offers loans up to Rs. 50,000.
3. **Women Empowerment:** Tribal Women Empowerment Scheme promotes self-reliance.
4. **Backward Classes:** Swarnima Scheme provides loans with 4% interest for women.
5. **Eligibility:** Requires below-poverty-line status and Madhya Pradesh residency.
6. **Loan Terms:** Low interest (4-7%) and flexible repayment up to 12 years.
7. **Application:** Processed through District Industries Centres or corporations.
8. **Training Support:** Enhances technical skills for sustainable businesses.
9. **Impact:** Reduces poverty and promotes inclusive economic growth.
10. **Monitoring:** Ensures schemes benefit marginalized groups effectively.

9.6 GLOSSARY

- **Tribal Populations:** Indigenous groups with distinct cultural heritage, facing economic and social challenges.
- **Underprivileged Groups:** Individuals facing economic or social disadvantages.
- **Demographics:** Relating to the structure of populations.

NOTE

- **Self-Employment:** Earning income directly from one's own work.
- **Advantages:** Something that puts one in a favorable position
- **Socio-economic:** Relating to the combination of social and economic factors.
- **Marginalized Communities:** Groups that are excluded from mainstream society.
- **Inclusive Growth:** Economic growth that benefits all sections of society.
- **Empowerment:** The process of becoming stronger and more confident.
- **Concession:** A thing that is granted, especially in response to demands.

9.7 ANSWERS TO CHECK YOUR PROGRESS**Check Your Progress – Possible One – 9.1**

1. 29th September 1994
2. False
3. C. MP Backward Class and Minorities Finance Development Corporation
4. Poverty line
5. Self-Employment Scheme, Rehabilitation Scheme

9.8 SUGGESTED READINGS-OER

Sr. No.	Title	URL	QR Code
1	Open Educational Resource - 1	http://books.aisectonline.com/UnitUrls?unitId=53	

9.9 REFERENCES

1. MP Govt. (2022). *MP Government Welfare Scheme Compendium*, Bhopal.
2. AICTE (2021). *Entrepreneurship Development Handbook*. AICTE, New Delhi.
3. MP Backward Class & Minorities Finance Development Corporation (2022). *Annual Scheme Report*, Bhopal.

4. Shane, S. (2003). *A General Theory of Entrepreneurship: The Individual-Opportunity Nexus*. Edward Elgar Publishing, UK.
5. **IGNOU eGyankosh**. (2023). *Entrepreneurship and Policy Interventions*, IGNOU.

9.10 EXERCISE

Part-1

A. Multiple Choice Questions :

1. What is the primary objective of the M.P. Tribal Finance and Development Corporation?

- | | |
|--|---|
| A. To provide employment in the private sector | C. To provide financial assistance and rehabilitation for economic upliftment of Scheduled Tribes |
| B. To promote tourism in tribal areas | D. To increase literacy rates in urban areas |

2. Which of the following services is commonly offered by the M.P. Backward Class and Minorities Finance Development Corporation?

- | | |
|---|----------------------------------|
| A. Tax rebates for corporations | C. Corporate investment training |
| B. Micro-credit and self-employment loans | D. Industrial policy reforms |

3. Under the schemes of M.P. Tribal Finance and Development Corporation, which sectors are typically promoted?

- | | |
|---|-----------------------------------|
| A. IT outsourcing and software parks | C. Space research and development |
| B. Small-scale industries, agriculture, and trade | D. Import-export business |

4. What is the eligibility criteria to avail benefits from the schemes of the M.P. Backward Class and Minorities Finance Development Corporation?

- | | |
|-------------------------|---|
| A. Any citizen of India | B. Only government employees |
| | C. Individuals belonging to notified backward |

NOTE

classes with income
below the prescribed
limit

D. Only women
entrepreneurs

5. Which central financial institution collaborates with the M.P. Backward Class and Minorities Finance Development Corporation for funding?

A. NABARD

C. NBCFDC (National
Backward Classes
Finance and
Development
Corporation)

B. SIDBI

D. RBI

Answers with Explanations :

- 1. C.** To provide financial assistance and rehabilitation for economic upliftment of Scheduled Tribes

Explanation: The primary goal of the M.P. Tribal Finance and Development Corporation is to financially empower Scheduled Tribes through various welfare schemes, self-employment, and rehabilitation programs.

- 2. B** Micro-credit and self-employment loans

Explanation: The Corporation focuses on micro-financing and providing loans for self-employment and income-generating activities to backward class individuals.

- 3. B.** Small-scale industries, agriculture, and trade

Explanation: The schemes are tailored to support small-scale industries, agriculture, cottage industries, and trade to enhance tribal livelihood.

- 4. C.** Individuals belonging to notified backward classes with income below the prescribed limit

Explanation: The schemes are targeted specifically at individuals from backward classes whose annual family income is below a specified threshold, as per the norms.

- 5. C.** NBCFDC (National Backward Classes Finance and Development Corporation)

Explanation: NBCFDC is a central agency that partners with state-level corporations like MPBCMFDC to implement various self-employment and income generation schemes.

B. Short Answer Questions :

1. What is the primary function of the M.P. Tribal Finance and Development Corporation?
2. State the objective of the M.P. Backward Class and Minorities Finance Development Corporation.
3. Which sectors are supported under the tribal development schemes?
4. Mention any two schemes under the M.P. Backward Class and Minorities Finance Development Corporation.
5. What role does NBCFDC play in the implementation of backward class schemes?

Part-2

C. Long Answer Type Questions (Answer in 200 words)

1. Describe the objective and key features of the schemes of the M.P. Tribal Finance and Development Corporation.
2. Explain how the schemes of M.P. Backward Class and Minorities Finance Development Corporation are designed to support economic activities among backward classes.
3. What are the eligibility criteria and process for availing benefits under the M.P. Backward Class schemes?
4. Discuss the partnership between NBCFDC and the state-level finance corporations in implementing development schemes.
5. How do these development schemes contribute to poverty alleviation among tribal and backward communities in Madhya Pradesh?

Part-3

D. Long Answer Type Questions (Answer in 300 words)

1. Discuss in detail the various schemes implemented by the M.P. Tribal Finance and Development Corporation for tribal development.
2. Examine the role of the M.P. Backward Class and Minorities Finance Development Corporation in uplifting backward classes through financial assistance schemes.
3. Analyze the impact of government-backed microfinance schemes on the economic conditions of Scheduled Tribes in Madhya Pradesh.
4. Evaluate the effectiveness of self-employment and entrepreneurial support schemes under the M.P. Backward Class and Minorities Finance Development Corporation.
5. Critically assess the challenges and future prospects of the welfare schemes run by M.P. Tribal Finance and Development Corporation in ensuring inclusive development.

NOTE

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Dear Student,

While studying the units of this block, you may have found certain portions of the text difficult to comprehend. We wish to know your difficulties and suggestions, in order to improve the course. Therefore, we request you to fill up and send us the following questionnaire, which pertains to this block. If you find the space provided insufficient, kindly use a separate sheet.

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3. How many hours did you need for studying the units? :

--

4. Please give your reactions to the following items based on your reading of the block:

Items	Excellent	Very Good	Good	Poor	Give specific Examples (If poor)
Presentation Quality					
Language and Style					
Illustrations					
Used (diagrams, tables, etc.)					
Conceptual Clarity					
Check Your Progress Questions					
Suggested Readings - OER					

5. Any other comments:
