Long Qn.

**Q.5.“Prevention is better than cure “Causes of sickness in small scale industry**

The different types of industrial sickness fall under two important categories. They are as follows:

### Internal causes for sickness

We can say pertaining to the factors which are within the control of management. This sickness arises due to internal disorder in the areas justified as following:

**a) Obsolete technology**: Due to old and outdated technology production may not be qualitative, speedy and economical leading to insufficiency and higher cost of production.

**b) Lack of Finance**: This including weak equity base, poor utilization of assets, inefficient working capital management, absence of costing & pricing, absence of planning and budgeting and inappropriate utilization or diversion of funds.

**c) Bad Production Policies** : The another very important reason for sickness is wrong selection of site which is related to production, inappropriate plant & machinery, bad maintenance of Plant & Machinery, lack of quality control, lack of standard research & development and so on.

**d) Marketing and Sickness**: This is another part which always affects the health of any sector as well as SSI. This including wrong demand forecasting, selection of inappropriate product mix, absence of product planning, wrong market research methods, and bad sales promotions.

**e) Poor Industrial Relation**: In the absence of a healthy working condition the workers often restore to strike, agitation, go slow etc. which hampers the prospects of a unit. Such labour unrest can also be major reason of industrial sickness.

**f) Inappropriate Personnel Management**: The another internal reason for the sickness of SSIs is inappropriate personnel management policies which includes bad wages and salary administration, bad labour relations, lack of behavioural approach causes dissatisfaction among the employees and workers.

**g) Ineffective Corporate Management**: Another reason for the sickness of SSIs is ineffective or bad corporate management which includes improper corporate planning, lack of integrity in top management, lack of coordination and control etc.

### External causes for sickness

**a) Personnel Constraint**: The first for most important reason for the sickness of small scale industries are non availability of skilled labour or manpower wages disparity in similar industry and general labour invested in the area.

**b) Marketing Constraints**: The second cause for the sickness is related to marketing. The sickness arrives due to liberal licensing policies, restrain of purchase by bulk purchasers, changes in global marketing scenario, excessive tax policies by govt. and market recession.

**c) Production Constraints**: This is another reason for the sickness which comes under external cause of sickness. This arises due to shortage of raw material, shortage of power, fuel and high prices, import-export restrictions.

**d) Finance Constraints**: Another external cause for the sickness of SSIs is lack of finance. This arises due to credit restrains policy, delay in disbursement of loan by govt., unfavorable investments, fear of nationalization.

**e) Shortage of power:** Frequent interruption of power also causes many problems for the industries due to which they function under their capacity and become sick.

**f) Competition**: Due to heavy competition, producers are usually compelled to sell their products at even losses to eliminate the competitors. In such cases, industries with poor foundation or poor financial strength fail to perform as per expectation and hence become sick.

**Entrepreneurial Causes**

Due to the fault and incompetence of the entrepreneurs, many industries in India fall sick. The major entrepreneurial causes of industrial sickness are as follows:

* Improper planning
* Lack of determination
* Lack of creativity, innovation and skill
* Intentional sickness
* Lack of experiences
* Improper selection of Business Opportunities

**Revival/ Cures of Industrial Sickness**

In a developing country like India, small entrepreneurs from the backbone of the country’s economy. Hence, to protect the economy steps need to be taken at the right time. To prevent sickness and improve overall efficiency of the units some of the steps mentioned below can be useful:

* Support in the form of additional capital/loan at easier terms.
* Phased reduction of man power, if there is an excess.
* Increase and induct more efficient management system.
* Reforming the product policies, marketing strategies and selling methods.
* Settlement of old dues to employees and creditors in phased manner with their consultations.
* Disposal of old, obsolete, idle and non-feasible assets.
* Modernization of plants, machineries, processes etc.
* Up gradation or replacement of technologies.
* Support to change over to new product.
* Worker’s participation in management.

**Government Policy on Revival of Sickness**

Government of India has taken various measures from time to time to detect sickness at the preliminary stage and rehabilitation of sick units in the small-scale sector.

1. Instruction to Commercial Bank
2. Nayak Committee
3. Kapur Committee
4. Kohli Committee
5. Assistance by SFCs
6. Technical Consultancy Organisations (TCOs)
7. Industrial Reconstruction Bank of India
8. Sick industrial companies act

**Q.3**.The main difference between Entrepreneur and Intrapreneur is that Intrapreneur is an employee, and Entrepreneur is free and the leader of the operation.

Intrapreneurship is the change initiatives taken within a going concern by the people working in that organization.

Hisrich and Peters define. “Intrapreneurship is the entrepreneurship within an existing organization”. The definition implies that new initiatives, creativity, and dynamism that augment the organizational competence are intrapreneurship.

Skinner and Ivancevich observe, Intrapreneur is an entrepreneurial person employed by a corporation anti encouraged to be innovative and creative’

|  |  |  |
| --- | --- | --- |
| **Points of difference** | **Intrapreneurship** | **Entrepreneurship** |
| Definition | Intrapreneurship is the entrepreneurship within an existing organization. | Entrepreneurship is the dynamic process of creating incremental wealth. |
| Core objective | To increase competitive strength and market sustainability of the organization. | To innovate something new of socio-economic value. |
| Primary motives | Enhance the rewarding capacity of the organization and autonomy. | Innovation, financial gain tad independence. |
| Activity | Direct participation, which is more than a delegation of authority. | Direct and total participation in the process of innovation. \_ |
| Risk | Hears moderate risk. | Bears all types of risk. |
| Status | Organizational employee expecting freedom in work. | The free and sovereign person doesn’t bother with status. |
| Failure and mistakes | Keep risky projects secret unless it is prepared due to high concern for failure and mistakes. | Recognizes mistake and failures so as to take new innovative efforts. |
| Decisions | Collaborative decisions to execute dreams. | Independent decisions to execute dreams. |
| Whom serves | Organization and intrapreneur himself. | Customers and entrepreneur himself. |
| Family heritage | May not have or a little professional post. | Professional or small business family heritage. |
| Relationship with others | Authority structure delineates the relation. | A basic relationship based on interaction and negotiation. |
| Time orientation | Self-imposed or organizationally stipulated time limits. | There is no time bound. |
| The focus of attention | on Technology and market. | Increasing sales and sustaining competition. |
| Attitude towards destiny | Follows self-style beyond given structure. | Adaptive self-style considering Structure as inhabitants. |
| Attitude towards destiny | Strong self-confidence and hope for achieving goals. | Strong commitment to self-initiated efforts and goals. |
| Operation | Operates from inside the organization. | Operates from outside the organization. |

**Advantages and disadvantages:**

Both being an employee and being an entrepreneur has their own advantages and disadvantages. Entrepreneurs are often portrayed as happy and free, risk takers that have the benefits of controlling their own time and income. They often have uncapped potential earning and can jump from industry to industry using and developing business skills that ultimately add to their success and experience

**Advantages and disadvantages of Intrapreneur**

**Leave Benefits Dependency**

**Guaranteed Income** **Limited Income**

**Fixed Working Hours Limited Development Scope**

**Less Responsibility Job Security**

**Advantages and disadvantages of Entrepreneur**

**Growth in Career Stress**

**Independent Investment**

**Flexible Working Hours Long Working Hours**

**The Ability to Earn Financial Instability**

**Change and Exploration Risk**

**Short Qn. 2marks**

**Q.1 a.** Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneur.

**b**. Different types of entrepreneur

* **Innovative Entrepreneur**
* **Imitating Entrepreneurs**
* **Fabian Entrepreneurs**
* **Drone Entrepreneurs**

**c**. Within a partnership, a silent partner is any individual who provides funding to the business as his only contribution. Also referred to as a limited partner, a silent partner has less exposure to liability because he does not participate in, or make active decisions about, the day-to-day operations of the business.

**d.** In financial accounting, a cash flow statement, also known asstatement of cash flows, is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities.

**e.** Some sources of debt finance are loans, bonds and debentures, to raise capital or generate investment income.

**f.** Angel investors are very important for small and medium sized enterprises because they provide more than money. They are hands-on investors and contribute their skills, expertise, knowledge and contacts in the businesses they invest in. They are wealthy persons with great business experience.

**g**. commercial viability is the ability of a business, product, or service to compete effectively and to make a profit: Wind power owes some of its rising commercial viability to government support.

**h**. Working Capital is important to because it is a measure of a company's ability to pay off short-term expenses or debts. On the other hand, too much working capital means that some assets are not being invested for the long-term, so they are not being put to good use in helping the company grow as much as possible.

**I**. Seed capital is the initial capital used when starting a business, often coming from the founders' personal assets, friends or family, for covering initial [operating expenses](https://www.investopedia.com/terms/o/operating_expense.asp) and attracting [venture capitalists](https://www.investopedia.com/terms/v/venturecapitalist.asp).

**J**. **Small Industries Development Bank of India (SIDBI)** was established in 1990 as a development bank exclusively for the small scale industries. It is a Central govt. undertaking. The prime aim of SIDBI is to promote and develop small industries by providing them the valuable factor of production, finance.

**Q.2 f.** Problems of HRM in SME’s:

* Man power planning
* Wages and salaries.
* Job evaluation and performance appraisal
* Industrial relations
* Outsourcing of services.

**b.** Independence was marked by significant shift in the entrepreneurial sector. With the new found freedom, entrepreneurs gained the confidence and belief to pursue their entrepreneurial dreams. Need of employment and regional development paved way for startups. However, during this period policies were not formulated with any special emphasis on entrepreneurship. Development of industries on large scale was still the focus.

The next few decades witnessed significant growth in the entrepreneurial ventures across economic and social sectors. With the changing environment, entrepreneurship gained importance. The last decade has seen noteworthy improvement in the quality of startups in India. Institutions have started to take business and academic interest in startups. In the last few years, they have exhibited potential and proficiency, which has made the global investors to venture in the Indian startup ecosystem.

The accelerated funding coupled with the innovative and incrementally competent growth of startups like Zomato, Flipkart, Snapdeal, etc. and their potential to grow as world class companies has set benchmark and hope for many aspiring entrepreneurs. The foundation for a sustainable startup ecosystem has already been laid. What remains to be seen is how we capitalize and develop on it while fighting the logistics, market and funding challenges that come along.

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

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

**h**. **National Level Institutions Promoting SSE**

At the National level, institutions such as Small Industries Development Organisation (SIDO), National Small Industries Corporation (NSIC), MSME Development institute, Small Industrial Development Bank of India (SIDBI), are providing assistance in different areas to the entrepreneurs in their industrial activity.

1. **Small Industries Development Organisation (SIDO)**

* Provide technical consultancy
* Provide financial consultancy
* Provide managerial consultancy
* Provide production consultancy
* Provide consultancy on marketing
* Provide consultancy on technical training

1. **National Small Industries Corporation (NSIC)**

The main aim of NSIC is to fulfil the required machinery and equipment for the development of small entrepreneurs.

* Help to procure plant and machinery on hire-purchase basis or on lease
* Import plant and machinery for SME
* Help in marketing and exporting products of SME
* Help to import raw materials and other resources
* Train the workers on operations of modern machineries
* Assist in store purchase programme

1. **MSME Development Institute (Micro small and medium enterprise Development Institute)**

* Help in selecting industries, its location, layout, etc.
* Advice on selection of machine, plant equipment, technology, etc.
* Prepare project report
* Prepare design, drawing for products
* Assist in marketing and procuring tools, moulds, jigs, etc.
* Training of workers, managers and entrepreneurs
* Render technical consultancy to execute export orders
* Conduct market surveys for small enterprises

1. **Small Industrial Development Bank of India (SIDBI)**

Small Industries Development Bank of India was established in 1990 as a development bank exclusively for the small scale industries. It is a Central govt. undertaking.

The prime aim of SIDBI is to promote and develop small industries by providing them the valuable factor of production, finance.

* Loan assistance to institutions providing market or marketing avenues to the small entrepreneurs
* Loan assistance to ancillary units and also for modernization and upgrading technology
* Bill discounting facility
* Loan assistance to institutions providing primary services and infrastructure development
* Refinance for loan given by state level institutions and banks under the single window system for fixed capital and working capital.

SIDBI provides assistance to women entrepreneurs and Ex- servicemen under various schemes.

**j. Factors to Consider When Choosing a Business Location**

**1. Availability of raw materials**

**2. Nearness to market**

**3. Availability of basic infrastructure**

**4. Economic policy**

**5. Demographics**

**6. Psychographics**

**7. Industrial Clusters / areas**

**8. Export processing zones**

**9. Free trade zones**

**10. Distributive channel**