##### Unit– 1

**Concept/MeaningofEntrepreneurship**

Entrepreneurshipistheprocessofidentifyingopportunitiesinthemarketmobilishingthe resources required to pursue. These opportunities and investing the resources to exploit the opportunities for long term gains.

Theactivityofbringingtogetherlabour,land&capitalrequiredforproducinggoodsis called entrepreneurship.

Entrepreneurshipisthepurposefulactivityofanindividualoragrouptoinitiatemaintain and increases profit by production.

Thedefinitiondefines entrepreneurshipas:-

1. Aneffectivefunctionof handlingeconomic activity.
2. Undertakingcalculatedrisk.
3. Creatingsomethingnew.
4. Organizingandcoordinatingusefulresourcestolabour,interestoncapitalandwhatremains in his profit.

TheEntrepreneuris:-

1. Thefusion ofcapital,technology and human talent.
2. Arisky butdynamic process.
3. Bothanartaswellas ascience.

**Definition of Entrepreneur:-** The Entrepreneurship is economic agent who unites all means ofproduction1.Land,2.Labour,3.Capitalthusproducesaproductbysellingtheproductinthe market for land wages.

**NeedofEntrepreneur:-**

Entrepreneurserveascatalystsintheprocessofindustrializationandeconomicgrowthofa country.

Entrepreneurinitiatedandsustaintheprocessof economicdevelopmentinthefollowingways:-

1. **Capital Formation:-** Entrepreneurs mobilize the idle savings of the public for productiveutilizationofnationalresources.Thisincreasestherateofcapitalformation, which is essential for rapid economic growth of a country.
2. **Improvement in per capital income:-** Entrepreneurs are opportunity seekers. Theyconvertthetalentandidleresourceslikeland,labour&capitalintonationalwealth in the form of goods and services. This helps to increase per capital income which is a important yardstick for measuring economic growth of a country.
3. **Development of entrepreneurial culture:-** Many person may be temped to becomeentrepreneurswhentheyseeasuccessfulentrepreneurnearby.Thiscreatesa

entrepreneurialcultureinthesocietywhichishighlyneededfortheindustrialdevelopment of a country.

1. **Generation of employment:-** This entrepreneurs not only create employment forthemselvesbutalsoprovidesalotofemploymentopportunitiesforothers.Thus entrepreneurship helps to reduce the unemployment problem in the country.
2. **Balancedregionalgrowth:**-Entrepreneursestablishindustriesinbackwardareastoavail various concession and subsides offered by central & state govt. This helps to remove region disparities in economic development in rural & urban areas.
3. **Economic Independence:**- As we are not dependent on foreign companies forimport ofmanyproductswhicharemanufacturedinourowncountryhelpsinsavingthelotof foreign exchange. Due to export of out goods we can earn foreign exchange for our country. Thus by reduction help the economic independence of the country.
4. **SocialDevelopment:-**Duetoentrepreneurseconomicprogressseveralfacilities arecreated such as roads, hospital, markets, banks, schools etc.
5. **CompetitiveMarket:**- Duetothecompetitionamongentrepreneursthey provide goodsatcompetitiverateshencerestrictthemonopolisticactivitiesofbigbusiness houses.
6. **Utilisation of local resources:**- Various types of raw material are found scatteredthroughout the country in small quantities. Such unused small quantities of materialcanbeeffectivelyutilizedbysmallentrepreneurstomakesameusefulproducts and

ensurebetterutilizationofnationalresources.

1. **Qualitiesof an** entrepreneurs:-
   1. **Initiator:-**Asperthedemandofthesituation,theentrepreneurtakes initiatetostart anew enterprise.
   2. **OpportunitySeeker:**-Theentrepreneurlikeawatchlogalwaysremainssearch ofright business opportunities to convert them into projects & profits.
   3. **Calculated risk taker:**- An entrepreneur is a calculated risk taker & enjoyschallengesbutdonotgamble.Anentrepreneuravoidlowrisksituations because there is a lack of challenges in it.
   4. **InformationSeeker:**-Heisreadytolearnfromtheexperiencesofothers andenriches his business information to help him reach the goal.
   5. **Persistant:**-Heisalwaysreadytomakeextremeeffortstogetridofthe obstaclecoming in the way of reaching the ultimate goal.
   6. **Committedtowork:**-Anentrepreneurfollowstheutmostprioritytoaccomplishthe work.
   7. **EfficiencyLover:**-Entrepreneurstriestodothingsfastertoreducetheproductioncost, welcomes advance technology & upgrading the quality of his product.
   8. **QualityConscious:**-Anentrepreneuralwaysputseffortstogetbetterthan theexisting standard of performance.
   9. **ProperPlanner:**-Entrepreneursframesrealisticbusinessplans&follows themrigorously to achieve the objectives.
   10. **SelfConfident:**-Entrepreneurisastrongbelieverinhisstrengthsandweaknesses.He is very energetic, hardworking, resourceful, very alert to new opportunities and able enough to adopt to changing conditions.
   11. Assertive 12.Efficient Supervisor 13.Sound Technical know how 14.Efficient financial management 15.Goodhumanrelations 16.Innovativeness 17.Leadership 18.Systematic approach

**19.Savinghabbit20.Courageous Functions of an entrepreneur:-**

1. **Perceiving i.e. sensing opportunity:-** He is an economic leader who has the ability torecognizeopportunitiesforsuccessfullystartinganenterprise.Heisquicktofindout what is in demand in the market.
2. **Analysing:-** He analysis the nature of the product, procedure of production and qualityrequiredtogainmaxprofits.Healsoexplainstheprospectsofavailabilityofmen, material machines and technology.
3. **Selection:**-Heselectsfromtheavailablefactorsofproductionthemostsuitableone andthe most suitable rates. Also selects most appropriate technology required for production.
4. **Organising:**Afterselectionheassemblesthenecessaryresources&organizesthem intoa successful concern.
5. **Co-ordination:-**Agoodentrepreneurco-ordinatesthefactorsofproductioninsuch away that the enterprise can give him maximum profit at least possible cost.
6. **Dealing:**- He has to deal with various government departments to obtain liscence and forotherpurposes.Healsohastodealwiththesuppliersofrawmaterialsandmachines and most importantly with his customers.
7. **PromotionFunction:**-Heworkstopromotehisproductsandalsothenameofconcernin the market.
8. **Giving employment:**- Because he invests capital and starts a business enterprise, wheremanpowerisanimportantfactorofproduction,heemployspeopletoworkforhis concern.
9. **Decidingpricingpolicies:**-Inthecompetentmarket,hedecidesthepriceofhis productsat which he can grab the market share.
10. **Distribute:**-Hedistributeswagestothelabourer andinteresttothecapitalist.
11. **Pay taxes**
12. **Serviceofsociety.**

**Barriersin entrepreneurship:-**

1. Corruptandunsupportivebusinessenvironment
2. Fearof failure
3. Lackofappropriatetechnicalandpracticalskills.
4. Lackofentrepreneurship opportunities
5. Lackofentrepreneurial capacity
6. Lackofmarketexperience
7. Lackofviableconcept
8. Protectionismmonopoly
9. Shortageoffunds&resources
10. Severemarketentryregulations

Sole Proprietorship:-

Thesoleproprietorship is thesimplest form of business.

Abusinessthatlegallyhasnoseparateexistencefromitsowner.Incomeandlosesaretaxedon the individuals personal income tax return.

A**“**SoleProprietorship**”**businessmeansthatthereisonlyoneowner.Theremaybeemployee helper under the owner.

Advantagesof a soleproprietorship

* 1. Ownercanestablishasoleproprietorshipinstantlyeasilyandinexpensively.
  2. Theproprietorshiphastotalcontrolandfulldecisionmakingpoweroverpoliciesprofits and capital investment.
  3. Easytoclosedownthe business
  4. Startingasoleproprietorshipismuchlesscomplicatedthanstartingaformalcorporation and also much cheaper.
  5. Theowner ofasoleproprietorshipis notrequiredto fileaseparatebusinesstax report.
  6. Soleproprietorshipcanhireemployees.Thiscanleadtomanybenefits.Marriedcouple can start a sole proprietorship, though liability can only be of one individual.

Disadvantages

1. Thebusinessowner willbedirectlyhelpresponsibleforanylosses,depts.
2. Ownermustpayselfemploymenttaxes,sometaxbenefitsmaynotbedeductivesuchas health insurance premiums.
3. Itcanbedifficulttogeneratecapitalsincetheinitialfunds areusuallyprovidedby the owner.
4. Soleproprietorshiprarelysurvivethedeathorincapacityoftheirownerandsodonot retain. Value.
5. Risksthat aretaken bythesoleproprietor mayresult inpersonal bankrupted.
6. Thedeathorprolongedillness ofthesoleproprietorwillleadtotheendofthebusiness.
7. Duetothelimitationsofaonepersonbusinessthesoleproprietormaynotbeableto raise additional capital from outside sources to expand the business.

Characteristicsofasoleproprietorship

1. Thebusiness is owned by asingleindividual.
2. Beingsmallin sizeit ismanagedby theowner himself.
3. Thenecessarycapitalto runthe businessis providedby thesole owner.
4. Theproprietorhimselfbears alltherisks. Nobody elsehasany stakeinthebusiness.
5. Alltheassetsandliabilitiesofthebusinessarethepersonalassetsandliabilitiesofthe proprietor.

PartnershipDefination

A deal form of business operation between two or more individuals who share managementandprofits.Bothownersareequallyandpersonallyliableforthedebtsformthe business.

TypesofPartnership are

* 1. Limited Partnership
  2. GeneralPartnership

LimitedPartnership

1. Limitedpartnershipsare costlyand complicatedtosetupand run.
2. LimitedPartnershiparenotrecommendedforthe averagesmallbusinessowner.
3. Limitedpartnership areusually createdby oneperson or company.
4. Sometimeslimitedpartnersarenearbyinvestors.
5. Limitedpartnershaveminimumcontroloverdailybusiness,decisionsoroperations.Hence they are not personally liable for business depts or claims.

General Partnership

1. Generalpartnerscontrolsthelimitedpartnershipdaytodayoperations.
2. Theyarepersonallyliableforbusinessdepts.
3. Ifonepartner issued,allpartners areheld liable.

GeneralPartnership areleast desirableduetoabovereason.

Typesof partners

* 1. Activeorworkingpartner:-Suchapartnercontributescapitalandalsotakesactivepartin the management of the firms. He bears unlimited liability for the firms and shares profits the firm. Known to the outside world.
  2. SleepingandDormantpartner:-
     + Theysimplycontributescapitalanddoesnottakeactivepartinthe management of the firm.
     + Shares in the profits or losses of the firm. - Hisliabilityforthe firm**’**s depts. Is unlimited - He is not known to the outside world.
  3. SecretPartner:-
     + Thistypeofpartnercontributescapitalandtakeactivepartinthe management of thefirm**’**s business.
     + Hesharesintheprofitandthelossesofthefirmandhisliabilityis unlimited.
     + Hisconnection withfirmis notknown totheoutsideworld.
  4. Limited Partner:-
     + Theliabilityofsuchapartnerislimitedtoextentofhisshareincapital and profits of the firm.
     + Thesepartnersarenotentitledtotakeactivepartinthe managementof the firm**’**s business.
     + Thefirm isnot dissolvedin theevent ofhis deathor bankruptcy.
  5. PartnerinProfitsonly:
     + Thistypeofpartners shareintheprofitof thefirmbut notin thelosses.

- Hisliabilityforthefirm**’**sdepts.Is unlimited.

- Heis notallowed totakepart inthemanagementof the firm.

* 1. Nominalorostensibleor Quasi Partner:
     + Suchapartnerneithercontributescapitalnortakespartinthe management of business.
     + Hedoes not sharein theprofits orlosses ofthe firm**’**
     + Heonly lends his name & reputation forthebenefits of thefirm.
  2. MinorasaPartner:-
     + Aminoris aperson whohasnot completed18 yearofage.
     + Aminorcannotbecomeapartnerbecauseheisnotqualifiedtoenter into a contract.
     + Hemaybeadmittedtothebenefitsofpartnershipwiththemutual consent of all partners.
  3. Sub partner:-
     + SubPartnerisathirdpersonwithwhomapartneragreestosharehis profits desired from the firm.
     + He does not take part in the management of the firm. - Heisnot liable for the firm**’**s depts.

Advantagesof Partnership

1. The partners will fund the business with start-up capital. This means that the more partnerstherearethemoremoneytheycanputintothebusiness,whichwillallowbetter flexibility and more potential for growth.
2. Thereisopportunityforincomesplitting,anadvantageofparticularimportancedueto resultant tax savings.
3. Partnershipcanbecosteffectiveaseachpartnerspecializeincertainaspectsoftheir business.
4. PartnershipprovideMoralsupportandwillallowformorecreativebrainstorming.

DisadvantagesofPartnership:-

* 1. Eachpartnerisjointlyandseverallyliableforthepartnershipdepts.
  2. Dangerofdisagreement betweenthepartners.
  3. Ifpartnersjoinorleave,youwillprobablyhavetovalueallthepartnershipassetsand this can be costly.
  4. Businesspartnersarejointlyandindividually liablefor theactionsof theother partners.

NSIC–NationalSmallIndustries Corporation:-

1. TheNSICLtd.Whichiswhollyownedbythegovt.ofindiaandmeantexclusively for the development of small scale industries.
2. Established in 1956.
3. NSIC facilitates credit facilities to small scale industries for their technology Modernizationprogrammes&marketingactivitiesthroughequipmentandmarket financing schems.
4. Equipmentfinancingthecorporationisofferingtermloanschemesandhirepurchase schemes.
5. NSICfacilitatesfinancingformarketingactivitiessuchasrawmaterialassistance, internet marketing, export and bill discounting.

NRDC–NationalResearch&Development Corporation:-

1. NRDC was established in 1953 by the govt. of india and is presently under the department of scientific and industrial research.
2. It**’**sobjectiveistodevelopnatureandcommercializeinnovativereliableandcompetitive technologies from R&D institutes.
3. ToSensitizeR&Dinstitutionsandindustryabouttechnologiesthatneedtobedeveloped & Commercialized.

It promotes (i) Invention promotion programme (IPP) (ii) Technology PromotionProgramme(TPP)(iii)Commercializationofknowhow/inventions.

MSME–Micro,SmallMedium Enterprises.

MSMEMicroengagedintheproductionprocessingofgoods.

* Amicroenterpriseisanenterprisewhereinvestmentinplantandmachinerydoes not exceeds Rs. 25 Lakh.
* Asmallenterpriseisanenterprisewheretheinvestmentinplantandmachineryis more than Rs. 25 Lakh but does not exceeds Rs. 5 Crores.
* Amediumenterpriseisanenterprisewheretheinvestmentinplantandmachineryis more than Rs. 5 Crore but does not exceed Rs. 10 crore.

DC(MSME)

* 1. Entrepreneurship/Skill development.
  2. Itimplementsvariousschemestofacethechallengeofglobalization throughtechnology upgrading.
  3. ItensuresbetterflowofcredittoMSMEbyminimizingtheriskperceptionoffinancial institutions and banks through various schemes.
  4. ItlaunchedlogisticdevelopmentofselectedMSESclustersthroughvaluechainand supply chain management on co-operative basis.
  5. Itprovidesmarketingassistance support.

SIDBI–SmallIndustriesDevelopmentBankofIndia Functions

* + 1. Toinitiatestepsfortechnologicalupgradationandmodernizationofexistingunits.
    2. ToexpandthechannelsformarketingtheproductsofSSIsectorindomesticand international market.
    3. Topromoteemploymentorientedindustries.

Activities

1. Refinancingof loans.
2. Discountingandrediscountingofbills
3. Softloan assistance
4. Granting direct assistance and refinance of financing exports. (e)Extendingfinancial support to SSIDC.
5. Extending financial support to NSIC

NABARD–NationalBankofAgriculture&Rural Development.

NABARD established in 1982 for providing credit for the promotion of agriculture small industries,cottageandvillageindustries,handcraftsandotherruralcraftsandalliedeconomic activitiesinruralareaswithaviewtopromoteintegrateddevelopmentandsecurityprosperity of rural areas.

Functionsof NABARD

1. NABARD provides the short term refinance assistance for periods not exceeding 18 monthstostateco-operativebanksregionalruralbanksandotherfinancialinstitutionsfor a wide range of purpose including marketing.
2. NABARDcangrantmediumtermsloanstothestateco-operativebanksandregional rural banks.
3. Itisempoweredtoprovidebywayofrefinanceassistancelongtermloansextendingupto more period of 25 years.

CommercialBanks

Commercialbanksareaveryimportantsourceorfinancefortheindustry.Theindustrialsector is getting around 50% of the total bank credit.

Thecommercialbanksprovidetermcreditandsubscribingtoshares&debentures. Commercial bank also do underwriting of shares and debentures

Scheduledbankshavebeenpermittedtoholdintheirowninvestmentportfoliosharesand debentures of the pvt.Coporate sector devolving on them through their underwriting and merchant bank commitments.

In order to ensure proper co-ordination between commercial banks and state level financial institutionsbankwereadvisedtotakecertainmeasureswhichincludesjoint orsimaltaneors project appraisal.

SFC’sStateFinancial Corporation

Thestatefinancialcorporationact1951hasenabledthestategovt.tosetupstatefinancial corporations.

The SFCs are meant to finance small and medium industries. TheSFCsdonotendmorethanRs.60Lakhtoasingleconcern.

Loansoradvancesaregrantedprimarilyfortheestablishmentofnewindustriesorforexpansion and development of existing industrial concern.

TCOs(TechnicalConsultancyOrganization)

1. Conductingentrepreneurshipdevelopment programs.
2. Carryingoutmarketresearchforspecific products.
3. Developmentofindustry clusters.
4. Environmentandenergy research&management (e)Industrypotentialsurveys.
5. Technoeconomicviability(TEV) students
6. Infrastructureplanning
7. Vocationtraining
8. Preparationofprojectprofitsandflexibilitystudy
9. Offeringconsultingforexportorientedenterprises

KVIB(KhadiandVillageIndustriesBoard)

**Functionsof Board**

1. Toorganizedevelopand propogatevillageindustries.
2. Tostart,encourage assistandcarryonKVIBandtradeorbusiness.
3. Tohelp thepeople byproviding themwith workand monitory help.
4. Totrainunemployed youth.
5. Toencourageestablishmentofco-operative societies.

Objective

* 1. Thesocial objectivesofproviding employment
  2. Theeconomicobjective ofproducingselectablearticles.
  3. Thewiderobjectiveofcreatingselfrefinanceamongstthepeopleandbuildingupofa strong rural community spirit.

DIC(Directindustriescentre)

**Mainactivity:-**Todevelopandpromotecottageandsmallscaleindustriesinthe district.TheSSI means the industries with investment uptoRs. 1 crore in plants and machinery.

Functionsof DICs

1. Indentification of Entrepreneurs:- By conducting entrepreneurial motivation programmes throughout the districts.
2. Selectionofprojects:-Techniclaadviceforthe selection ofproject suitableto them.
3. RegistrationunderSSI:-Providesprovisionalandpermanentregistrationtothenew entrepreneurs.
4. Clearancesfromvariousdepartments:-Ittakestheinitiativestogetclearancesfortheproject from various departments and take follow up measures to get speedy power conncetion.
5. Recommendingapplicationstovariousdepartments:-Foravailingloansandworking capital facilities to commercial banks.
6. ArrangingSeedMoney:- Providesseedmoneytothosewhoaretechnically qualified.
7. Assistancetorawmaterialsupplies
8. Financialassistance(i)Subsidyschemes (j)Grant of purchase preference

TBI(TechnologyBusiness Incubators)

* 1. Technologyincubator(TBI)isaninitiativeofdepartmentofscienceandtechnology (DSI) Government of India.
  2. Itpromotestheconceptofgrowththroughinnovations&applicationoftechnology,support, economic development strategies for small business development.
  3. Suchmechanismhelpnotonlyinthegrowthoftechnologybasednewenterprisesbut also in improving their survival rate substantially (from 30% to over 70%).
  4. Italsofacilitatespeedycommercializationofresearchoutputs.

Objectives:-

1. Creatingoftechnologybasednew enterprises.
2. Creatingvalueaddedjobsand services.
3. Facilitatingtransferoftechnology
4. Fasteringtheentrepreneurial spirit.
5. SpeedycommercializationofR&Doutput(f)SpecializedservicestoexistingSMES.

STEP(Science&TechnologyEntrepreneurs Park)

* 1. Ithelpsincreatingan atmosphereforinnovationandentrepreneurship.

Ithelpsforactiveinteractionblowacademicinstitutionandindustriesforsharingjobs, ideas, knowledge, experience and facilities for the development of new technologies and their rapid transfer to the user.

It creates the necessary climate for innovation, information exchange etc. for students, teachers,searchersandindustrialmanagementtogrowthinatrans-disciplinaryculture.

Objectives:-

1. Acreateforgeacloselinkageblwuniversities,academicandR&Dinstitutionsonone hand and industry on the other.

Topromoteentrepreneurshipamongscienceandtechnologyperson,manyofwhen were otherwise seeking jobs soon after their graduation.

TopromoteR&Dsupporttothesmallscaleindustry,mostlythroughinteraction with research institutions.

Topromotableinnovationbasedinterprises.

TBI Services:-

1. Marketassistance
2. Businessplanning and training
3. Technicalassistance
4. Assistanceinobtainingapprovals
5. Circulation/spreadingofinformation
6. ArranginglegalandIPR services
7. UsingfacilitiesoftheHostInstitute(HI)atnominal charges.

Commercial Bank:-

**SBI(StateBank of India)**

* 1. Thisisoldest andlargestcommercial bankinour country.
  2. Ithelpstoacceleratetodevelopmentofbackwardareasbymonitoringpotential entrepreneurship to take up risky new ventures.
  3. ItlaunchedEPDs(EntrepreneurshipDevelopmentProgrammes)in1978.Itconsist of one month intersive training whose entire cost of boarding and loading is born by the bank.
  4. Itcreatesawarenessaboutentrepreneurial opportunities.
  5. Ithelpsincounselingencouragementandinfrastructuralsupportforand management skills.
  6. Itrunsseveralschemesoffinancial assistancetosmallscaleindustries.

PNB(PunjabNational Bank)

1. Itstudytheeconomicviabilityandtechnicalfeasibilityofproposalandhelpinprepartof market servey.
2. Itprovidesassistancetoentrepreneursinobtainingvariousgovt.consentsrequiredfor industrial project.
3. Itassistsinraisingfinanceintheformdebentures,termloansdefferedpayment guarantees.
4. Itassistsinraisingforeignexchangeresourcesrequiredforimpartofplantandmachinery components, raw mate (e)It suggestsstrengthening the capital of SSI.



###### VariousInstitutionsProvidingSupportToSmallEntrepreneurs:- Financial Institutions:-

1. IndustrialDevelopmentBankofIndia (IDBI)
2. IndustrialFinanceCorporationofIndia (IFCI)
3. SmallIndustriesDevelopmentBankofIndia(SIDBI)
4. NationalSmallIndustriesCorporationLtd(NSIC)
5. StateSmallIndustriesCorporation(SSIC)vi.RegionalRuralBanks(RRBs)
6. StateFinancialCorporations(SFCs)
7. StateIndustrialDevelopmentCorporations(SIDCs)
8. CooperativeBanksand Gramin Banks

VariousInstitutionsProvidingSupportToSmall Entrepreneurs:-

 InstitutionsforTechnical Guidance:-

1. SmallIndustriesDevelopmentOrganisation(SIDO)
2. DistrictIndustriesCentres (DICs)
3. TechnicalConsultancyOrganisations (TCOs)
4. SmallIndustriesServiceInstitutes (SISIs)
5. StateSmallIndustriesDevelopmentCorporations(SSIDCs)vi.IndustrialDevelopment Corporation (IDC)

vii. AgriculturalPromotionandInvestmentCorporationofOrissaLimited(APICOI) Various Institutions Providing Support to Small Entrepreneurs:-

Training Institutions:-

1. SmallIndustriesServiceInstitute(SISI)
2. NationalBankforAgricultureandRuralDevelopment (NABARD)
3. CouncilforAdvancementofPeoplesActionandRuralTechnology(CAPART)
4. DistrictIndustriesCentre(DIC)

QuestionsofUnit – 1

* 1. Defineentrepreneurship.
  2. Defineentrepreneur.
  3. Defineentrepreneurshipandexplainitsmaincharacteristics.
  4. Explainthemainfunctionsofan entrepreneur.
  5. Whoisanentrepreneur?Discussthequalitiesor traitsofasuccessful entrepreneur.
  6. Discussthecharacteristicsofasucessfulentrepreneur.
  7. Listthecausesoffailureofanentrepreneure.
  8. Listtheinstitutionswhichprovidesupporttoanentrepreneurfor establishingan enterprise.
  9. Explainthevariousfunction of DICs.
  10. ExplainthefunctionofsmallindustriesdevelopmentbankofIndia (SIDBI).
  11. WhatisNABARD?Whatareitsvarious function?
  12. Writeashort note on NSIC.
  13. Writeashort note on KVIC.

**Unit–2**

###### ScanningoftheBusiness Environment:-



Environmental scanning is a process of gathering, analysing, and dispensing information for tactic scanning process entails obtaining both factual and subjective information on the business enviro considering entering.

###### TypesofMarket Survey:-

Focus Groups

Customer-SatisfactionPhoneSurveys Mail-In Surveys

Online Surveys

One-on-One Surveys

###### Considerationsinproductselection:-

Present Market.

ScopeofGrowthofMarket. Costs.

Availability of main production factors.

Risks.

###### FactorsforSalesForecasting:-

Changesintechnology. Government policies.

Factors related to the concern itself.

Competition.

###### MethodsusedforForecastingtheDemands:-

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1. SurveyofBuyer’sIntentions.
2. CollectiveOpinionorSalesForceCompositeMethod.
3. TrendProjection.
4. ExecutiveJudgmentMethod.
5. EconomicIndicators.
6. ControlledExperiments.



1. Expert’sOpinions**.**

###### Assessmentofdemandandsupplyinpotentialareasofgrowth(salesforecasting):-

Sales forecasting is the process of estimating future sales. Accurate sales forecasts enable companie predict short-term and long-term performance. Companies can base their forecasts on past sales data trends.

QuestionsofUnit–2

1. WhichtypeofIndustryislabourintensive?
2. Listthedifferentstepsrequiredforstartingasmallscaleindustries.
3. Explaindifferentmethodsusedforforecastingthedemandofproduct.
4. Brieflydescribethestepsinvolvedinplanningandestablishingasmallscaleindustry.
5. Whatarethebenefitsofprovisional registration?
6. Listthedocumentsrequiredforthepermanentregistrationofasmallscaleindustry?

**Unit–3**

##### PROJECTREPORTPREPARATION

* + **Project report:** Thedocumentwhichcontainstherequireddetailslikethepersonalbiodata of the entrepreneur, the product to be manufactured, its design manufacturing process, rowmaterials,machinesandequipmentsrequired,staffnedded,theamountofmoney

required,thesourceoffinance,costofgoodstobeproducedmarketdemandof product and likely profits anticipated etc, is called a project report.

* + NeedofProjectReport:
    1. The project report is like a Roadmap. It describes the direction the enterprise is going in,what its goals are, where itwants tobeandhow it is goingto get there. It alsoenablestheentrepreneurtoknowtogetherheisprecedingtherightdirection.
    2. It helps the entrepreneur is getting provisional permanent registration the project from the district industries centre.
    3. It helps in allotment of industrial plot or shed for the project from state industrial development corporation.
    4. It helps the entrepreneur in obtaining working capital loan or term loan from Banks/State Financial Corporation/other financial institution.
    5. Ithelpsinsecuringsupplyofscarerawmaterialsrequiredfortheproducttobe manufactured.
    6. Ithelptheentrepreneurinestablishingtechnoeconomicviabilityoftheproject.
  + Contentsofaproject report:
    1. Objectiveandscopeofthe report.
    2. Promotor**’**sprofile
    3. Location
    4. Landand Building
    5. Plantand Machinery
    6. Production Process
    7. Otherutilities
    8. Rawmaterials
    9. MarketPotentials
    10. Personal
    11. FinancialImplications
    12. Sourcesof Finances
    13. Financialviabilityofthe project
    14. Scheduleofprojectimplementation.
  + **PraliminaryProjectReport(PPR):**Apreliminaryprojectreportisabriefsummaryof aproject describing the expected inputs and outputs like finance, manpower, machinery,material,technology,expenses,production,salesandprofitetcofaprojectbeforethe project is actually implemented.
  + **Detailed Project Report (DPR):** Detailed project report is a detailed elaboration ofeachand every information and estimates mentioned in the preliminary project report while preparations a detailed project report (DPR) the entrepreneur may take the help of experts to do the job preparation of DPR requires a lot of time and hence it is a each and every item is necessary in a D.P.R.



* + **Project Appraisal:** The exercise of project appraisal simply means the assessment of aproject in term of its economic technical social and financial viability.



* + **Need of Project Appraisal:** Project appraisal is a costs and benefits analysis of differentaspects of proposed projects with an objective to adjudge its viability. A project involves employment of scare resources and entrepreneur needs to appraise various alternative projects before allocating the scare resources for the best project. Thus,project appraisal helps selecting the best project among available alternative projects. For appraising a project its economic, financial technical market managerial and social

aspectareanalyzed.

* + **EconomicAnalysis:**Theeconomicaspectsofappraisalarefunctionalasthey logically

precede all other aspects. This is so because the bank will not finance a project unless it stands assured that the project represents high priority use of a region**’**s resources. Aneconomicandsocialanalysislooksattheprojectfromtheviewpintofthewholeeconomy,

asking whether the latter will show benefits sufficiently greather than projectcosts to justify investment in it.

1. Increasedemployment ii.

Increased outputiii.Increasedservicesiv.IncreasedGovt. Revenues

1. Higher Earning vi. Improvesincomedistribution vii.

Higherstandardoflivingviii.Increased national income

1. **Financial Analysis:** Finance is one of the most important pre-required to establish anenterprise. It is finance only that facilities an entrepreneur to bring together the labour of onemachineof anotherandraw materialsof yetanotherto combinethem toproducegoods.

An entrepreneur conceives the idea of starting a new enterprise with the ultimate objectives of proposed project are required tobeanalyzedwith the help of variousfinancial statements.

Fixedcapitalnormallycalledfixedassetsarethosetangibleandmaterialfacilitieswhich purchased once are used again and again. i. Financial soundness ii.

Efficient operation iii. Cost production iv. ReturnonInvestment v.Prospects of marketing vi.

Profitability vii. Effective controlsviii. Budgeting ix.

Pricing

1. **Technicalfeasibility:**Whilemakingprojectappraisalthetechnicalfeasibilityof theproject also needs to be taken into consideration 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 of technical knowledge for the proposed assets and machinery. It should be ensured whether that know how is available with the entrepreneur or is to be procured from elsewhere. If the project requires any collaboration then the terms and conditions of the collaboration should also be spelt and comprehensively and carefully.

Whileassessingthetechnicalfeasibilityoftheproject,thefollowingaspectsneedtobe covered in the report.

* 1. Processtechnology
  2. Economicsizeoftheproject.
  3. Technicalknow-howandconsultancy.

1. **Managingcompetence:**Managingabilityorcompetencesplayanimportantrole inmaking an enterprise a success or otherwise strictly speaking in the absence of managing competences, the project which is otherwise feasible mayfast. On the contrary even a poor project may become a successful one with good managerial ability. Hence, while doing project appraisal the managing competence or talent of the promoter should be taken into consideration. Research studies report that most of the enterprises fall sick because of lack of managerial competence or mismanagement.
2. **Market/CommercialAnalysis:**Beforetheproductionactuallystartsthe entrepreneurneeds to anticipate the possible market for the product. He has to anticipate who will be the possible customersfor this product and where and when his product willbe sold. This is because production has no value for the producer unless it is sold.

Inthelifecycle;segmentationanalysis,theproductlifecyclepassesthroughfollowingfive stages:

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

QuestionsofUnit–3

* 1. Explianthecontentofaproject report.
  2. Writeashort-noteonPreliminaryProjectReport(P.P.R.).
  3. Write a detailed note on technicl feasibility and financial viability of a Project.

###### Unit- 4 ROLEORIMPORTANCEOFMANAGEMENT

1. **Groupgoals**

Managersgivecommondirectiontotheindividualeffortinachievingtheoverallgoalofthe organization.

1. **Optimumutilizationofresources**

Increaseefficiencybyusingresourcesinthebestpossiblemannertoreducecostofincrease

productivity.

**3Dynamic organizations**

Managementhelpsincreatingdynamicorganizationwhichcouldadoptchangingsituations easily. Take steps in advance to meet challenges and risks.

**Minimizationocost**

Managementdirectsdaytodayoperationsinsuchamannerthatallwastage&extravaganceare

1. **Generationofemployment**

Byexpandingbusinessenterprisesmanagerscreateemploymentopportunities.

1. **DevelopmentoftheNation/Society**

Managementhelpsinthedevelopmentofsocietyby Producing good quality products

Creatingemploymentopportunities Adopting new technology

4.

avoided.





### Functionsofmanagement



1. **Planning**

Itisthebasicfunctionofmanagement.

Whattodo,whentodo&howtodo.

Itbridgesthegapfromwhereweare&wherewewanttobe**”**.

Itisanintellectualactivityanditalsohelpsinavoidingconfusion, uncertainties,risks, wastages etc.

1. **Organizing**

Itistheprocessofbringingtogetherphysical,financialandhumanresourcesanddeveloping productive relationship amongst them achieve goal.

Identification of activities. Classificationofgroupingofactivities. Assignment of duties.

Delegation of authority and creation of responsibility. Coordinatingauthorityandresponsibilityrelationships.



****

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1. Staffing

Themainpurposeofstaffingistoputrightmanonrightjob.

* + ManpowerPlanning
  + Recruitment,Selection&Placement.
  + Training&Development.
  + Remuneration.
  + PerformanceAppraisal.
  + Promotions&Transfer.



1. Directing

Directionofmanagementwhichdealsdirectlywithinfluencing,guiding,supervising,motivating subordinate for the achievement of organizational goals.

Directionhasfollowingelements:

**Supervision-**Impliesoverseeingtheworkofsubordinatesbytheirsuperiors.

**Motivation-**Meansinspiring,encouragingthesub-ordinates

**Leadership-**Guidestheworkofsubordinatesindesireddirection.

**Communications-**Istheprocessofpassinginformation,experience,opinionetcfromone personto another.

1. Controlling

Thepurposeof controlling is toensure proper progress is being madetowards theobjectives and goals and to correct any deviation. Therefore controlling has following steps:

1. Establishmentofstandardperformance.
2. Measurementofactualperformance.
3. Comparison of actual performance with the standards and finding out deviation if any. d. Corrective action.

**ObjectivesofManagement**

Themainobjectivesofmanagementare:

**Getting Maximum Results with Minimum Efforts** - The main objective of management is tosecure maximum outputs with minimum efforts & resources. Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.

**Increasingthe Efficiency offactorsofProduction** -Throughproperutilizationofvariousfactors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.

**Maximum Prosperity for Employer & Employees** - Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.

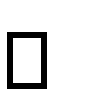
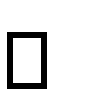
**Human betterment & Social Justice** - Management serves as a tool for the upliftment as well asbettermentofthesociety.Throughincreasedproductivity &employment,managementensures better standards of living for the society. It provides justice through its uniform policies

Fayol**’**s14PrinciplesofManagement

Thereare14PrinciplesofManagementdescribedbyHenriFayol.

1. DivisionofLabour

* Workofallkindsmustbedividedandallottedtovariouspersonsaccordingtotheirexpertiseina particular area.
* Subdivisionofworkmakesitsimplerandresultsinefficiency.



* Italsohelpsinincreasingspeed,accuracyinperformance.
* Specializationleadstoefficiency.

1. PartyofAuthority&Responsibility
   * Authority&responsibilityareco-existing.
   * Ifauthorityisgiventoaperson,heshouldalsobemade responsible.



* + Inasameway,ifanyoneismaderesponsibleforanyjob,heshouldalsohaveconcerned authority..
  + Authoritywithoutresponsibilityleadstoirresponsible.

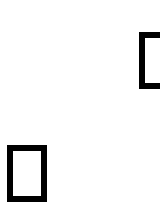
1. PrincipleofOneBoss
   * Asub-ordinateshouldreceiveordersandbeaccountabletooneandonlyonebossata time
   * Unityofcommandprovidestheenterpriseadisciplined,stable&orderlyexistence.
   * Itcreatesharmoniousrelationshipbetweensuperiorsandsub-ordinates.
2. Unityof Direction
   * Thereshouldbeoneplanforagroupofactivitieshavingsimilarobjectives.
   * Relatedactivitiesshouldbegroupedtogether.
   * Effortsofallthemembersoftheorganizationshouldbedirectedtowardscommongoal.
   * Withoutunityofdirection,unityofactioncannotbeachieved.
3. Equity
   * Equity means combination of fairness, kindness & justice. Theemployeesshouldbe treated with kindness & equity.
   * Itimpliesthatmanagersshouldbefairandimpartial.
   * Theyshouldgivesimilartreatmenttopeopleofsimilarposition.
   * Theyshouldnotdiscriminatewithrespecttoage,caste,sex,religion,relationetc.
4. Order
   * Proper&systematicarrangementofthingsandpeople.
   * Arrangementofthingsiscalledmaterialorderandplacementofpeopleiscalledsocialorder.
   * Materialorder-Thereshouldbesafeandspecificplaceforevery article.
   * Socialorder-Selectionandappointmentofmostsuitablepersononthesuitablejob.
5. Discipline
   * Disciplinemeanssincerity,obedience,respectofauthority&observanceofrulesandregulationsof the enterprise .
   * Subordinate should respect their superiors and obey their order. Itisanimportant requisite for smooth running of the enterprise.
   * Disciplineisnotonlyrequiredonpathofsubordinatesbutalsoonthepartofmanagement.
6. Initiative
   * Workersshouldbeencouragedtotakeinitiativeintheworkassignedto them.
   * Initiateactionswithoutbeingaskedtodoso.



* + Managementshouldprovideopportunitytoitsemployeestosuggestideas,experiences&new method of work.
  + Ithelpsindevelopinganatmosphereoftrustandunderstanding.
  + Theycanbeencouragedwiththehelpofmonetary&non-monetary incentives.

1. FairRemuneration
   * Remuneration to be paid to the workers should be fair & rewarding of the efforts. It should accord satisfaction to both employer and the employees.
   * Logical&appropriatewagerates.

Fayolalsorecommendedprovisionofotherbenefitssuchasfreeeducation,medical& residential facilities to workers.



1. StabilityofTenure

Employeesshouldnotbemovedfrequentlyfromonejobpositionto another.

Employeesshouldbeappointedafterkeepinginviewprinciplesofrecruitment&selection procedure.

Timeisrequired foranemployeetoget usedto anewworkandtosucceed.Andifheis removed the time, effort and money spent on training the worker will go waste.

Stabilityofjobcreatesteamspiritandasenseof belongingness.

1. SCALARCHAIN

FayoldefinesscalarchainasThechainofsuperiorsrangingfromtheultimateauthoritytothe lowest .



















* + Everyorders,instructions,messages,requests,explanationetc.hastopassthroughScalar chain.
  + Forthesakeofconvenience&urgency,thispathcanbecutshortandthisshortcutisknownas Gang Plank.



* + AGangPlankisatemporaryarrangementbetweentwodifferentpointstofacilitatequick& easy communication.

1. Sub-OrdinationofIndividualInteresttoGeneral

InterestAnorganizationismuchbiggerthanthe individual.



* + Asfaraspossible,reconciliationshouldbeachievedbetweenindividualandgroupinterests.
  + Butincaseofconflict,individualmustsacrificeforbigger interests.

1. EspiritDe**’**Corps



It

referstoteamspiriti.e.harmonyintheworkgroupsandmutual

understandingamongthe

members.

* + SpiritDe**’**Corpsinspiresworkerstoworkharder.
  + Fayolcautionedthemanagersagainstdividingtheemployeesintocompetinggroupsbecauseit might damage the moral of the workers and interest.
  + Thereshouldbeproperco-ordinationofworkatalllevels
  + Efficientemployeesshouldberewardedandthosewhoarenotuptothemarkshouldbegiven achance to improve their performance.

1. Centralization&De-Centralization
   * Centralizationmeansconcentrationofauthorityatthetoplevel.Inotherwords,centralization is a situation in which top management retains most of the decision making authority.



* + Decentralizationmeansdisposalofdecisionmakingauthoritytoallthelevelsofthe organization. In other words, sharing authority downwards is decentralization.

AccordingtoFayol,Degreeofcentralizationordecentralizationdepends on no. of factors like size of business, experience of superiors, dependability & ability of subordinates etc

**Unit–5**

### MOTIVATION

**DefinitionofMotivation**

Motivationisthewordderivedfromtheword**’**motive**’**whichmeansneeds,desires,wantsordriveswithin the individuals. It is the process of stimulating people to actions to accomplish the goals.

* Desirefor money
* Success



* Recognition
* job-satisfaction



* Teamwork,etc

Oneofthemostimportantfunctionsofmanagementistocreatewillingnessamongsttheemployees to perform in the best of their abilities.

**CharacteristicsOfMotivation**

Motivationisaprocessthroughwhichindividualdoessomethinginordertosatisfysomebasicneeds.

1. **MotivationIsPersonalAndPsychologicalConcept**

Motivationisapersonalaswellaspsychologicalconcept; hence,themanagershavetostudythementaland psychological aspects of individual.

1. **MotivationIsAProcess**

Motivationisaprocessofinspiring,energizing,reducingandactivatingtheemployeesforhigherlevelof performance.

1. **MotivationIsAContinuousProcess**

Motivationiscontinuouson-goingprocessratherthanoneshotaffair.Becauseandindividualhas unlimited wants and needs. As soon as the existing need is fulfilled, another will appear.

Hence,motivationshouldgocontinuously.

1. **MotivationIsAComplex Subject**

Motivation is a complex subject in the sense that the individual's needs and wants may beunpredictable.Thelevelofneedofapersondependsonhis/herpsychologicalandphysiologicalaspects.

1. **MotivationIsGoalOriented**

Motivationshouldbedirectedtowardstheachievementofstatedgoalsandobjectives. Fromtheview point of organization, the goal is to achieve high productivity through better job performance.

1. **IntrinsicAndExtrinsicMotivation**

Asindividualcanbemotivatedeitherbyintrinsicfactorsorextrinsicfactors.Theintrinsicfactors include recognition, social status, self-esteem and self-actualization needs which are related to inner aspectsofindividual. On the other hand, the extrinsic factors are physiological and social needs such as food,shelter, health, education, salary and benefits etc

1. **PositiveAndNegativeMotivation**

By the term motivation we mean positive motivation which is related to the process ofstimulatingemployeesforgoodperformance.Butitisnotnecessarythatallthetimemotivationmust be positive, rather sometimes it can be negative also. The negative motivation is also known aspunishment whichis not desired by the employees.

1. **MotivationIsBehavior-oriented**

Asmotivationispersonspecific,itisrelatedwiththepersonalbehaviorofanemployee.Behaviorisa series of activities undertaken by an individual in the organizational work place. The behavior isdirectedtowards the attainment of goals and objectives.

#### Factorsof Motivation

Let**’**s begin with the four factors that are the basics of motivating anyone, in any organization. Thesefourfactorsare(1)leadershipstyle,(2)therewardsystem,(3)theorganizationaland(4Thestructureof the work.

**Leadership style**. This is a key factor in determining how people feel about the company and howmotivatedtheyare.Veryoften,justchangingtheleaderchangesthepsychologicalclimateofthe company and, in turn, the whole performance of people in the organization.

**TheRewardsystem**.Everyorganizationischaracterizedbyaparticulartypeofrewardstructure, oftendiffering from person to person and from department to department.

**Organizational climate.** Is your company a great place to work ? The organizational climate isdeliberatelycreatedandmaintainedbymanagement.Itlargelyconsistsofthewaythatpeopletreateach other upanddownthe line. Itstartsatthe top,with leaders who inspireand set the tone fortherest of the organization.

**The structure of the work**. Some work is inherently motivational, requiring creativity, imagination, andhigh levels of energy. Work that involves communicating, negotiating, and interacting with otherpeopleinordertogaintheircooperationto getthejobdonequicklyandwellbringsoutthebestenergiesof theindividual. It is exciting and challenging. It is usually highly rewarding as well.

#### Theoriesof motivation

**Maslowtheoryofmotivation**

AbrahamMaslowiswellrenownedforproposingtheHierarchyofNeedsTheoryin1943.Thistheoryisa classical depiction of human motivation. This theory is based on the assumption that there is ahierarchyof five needs within each individual . The urgency of these needs varies. These five needs are as follows-



**Physiologicalneeds-**Thesearethebasicneedsofair,water,food,clothingandshelter.Inother words,physiological needs are the needs for basic amenities of life.

**Safety needs**- Safety needs include physical, environmental and emotional safety and protection. Forinstance-Jobsecurity,financialsecurity,protectionfromanimals,familysecurity,healthsecurity, etc.

**Socialneeds**-Socialneedsincludetheneedforlove,affection,care,belongingness,andfriendship.

**Esteem needs**- Esteem needs are of two types: internal esteem needs (self- respect, confidence,competence, achievement and freedom) and external esteem needs (recognition, power, status, attention and admiration).

**Self-actualizationneed**-Thisincludetheurgetobecomewhatyouarecapableofbecoming/what youhave the potential to become. It includes the need for growth and self-contentment. It also includes desire for gaining more knowledge, social- service, creativity and being aesthetic.

Maslowgroupedthefiveneedsintotwocategories-

**Higher-orderneeds**

* Thesocial,esteem,andself-actualizationneedsconstitutedthehigher-orderneeds.These higher-order needs are generally satisfied internally.

**Lower-orderneeds.**

* Thephysiologicalandthesafetyneedsconstitutedthelower-orderneeds.Theselowerorder needs are mainly satisfied externally.

#### LimitationsofMaslow**’**sTheory

* Itisessentialtonotethatnotallemployeesaregovernedbysamesetofneeds.
* Differentindividualsmaybedrivenbydifferentneedsatsamepointoftime.



* Itisalwaysthemostpowerfulunsatisfiedneedthatmotivatesan individual.
* Thetheoryisnotempirically supported.



* Thetheoryisnotapplicableincaseofstarvingartistaseveniftheartist**’**sbasicneedsarenot satisfied, he will still strive for recognition and achievement.

#### Herzberg**’**sTwo-FactorTheoryofMotivation

* In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg,theoppositeofSatisfactionisNosatisfactionandtheoppositeofDissatisfactionisNo Dissatisfaction .



* Herzbergsviewofsatisfactionanddissatisfaction

followingfigureshowsHerzberg**’**sviewofsatisfactionanddissatisfaction

Dissatisfaction

Herzbergclassifiedthesejobfactorsintotwocategories-

**Hygiene factors**-Hygiene factors are those job factors which are essential for existence of motivation atworkplace.Ifthesefactorsareabsentatworkplace,thentheyleadtodissatisfaction.Inotherwords, hygiene factors are those factors which when reasonable in a job, pacify the employees and do not make them dissatisfied.The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled.

Hygienefactorsinclude:

* **Pay**-~~Thepayorsalarystructureshouldbeappropriateandreasonable.~~Itmustbeequal andcompetitive to those in the same industry in the same domain.
* **Company Policies and administrative policies** - The company policies should not be too rigid.Theyshouldbefairandclear.Itshouldincludeflexibleworkinghours,dresscode,breaks, vacation, etc.



* **Fringebenefits**-Theemployeesshouldbeofferedhealthcareplans(mediclaim),benefitsforthe family members, employee help programmes, etc.
* **PhysicalWorkingconditions** -Theworkingconditionsshouldbesafe,cleanandhygienic. Thework equipments should be updated and well-maintained.



* **Status**-Theemployees**’**statuswithintheorganizationshouldbefamiliarandretained.
* **Interpersonal relations** - The relationship of the employees with his peers, superiors andsubordinatesshouldbeappropriateandacceptable.Thereshouldbenoconflict.



* **JobSecurity**-Theorganizationmustprovidejobsecuritytothe employees.

**Motivational factors**- According to Herzberg, the hygiene factors cannot be regarded as motivators. Themotivational factors yield positive satisfaction. These factors are inherent to work. These factors motivatetheemployeesforasuperiorperformance.Thesefactorsarecalledsatisfiers.Thesearefactors involved in performing the job. Motivational factors include:

* **Recognition**-Theemployeesshouldbepraisedandrecognizedfortheiraccomplishmentsby themanagers.
* **Senseofachievement** -Theemployeesmusthaveasenseofachievement.Thisdependson thejob. There must be a fruit of some sort in the job.



* **Growthandpromotionalopportunities**-Theremustbegrowthandadvancement opportunitiesin an organization to motivate the employees to perform well.
* **Responsibility**-Theemployeesmustholdthemselvesresponsibleforthework.Themanagersshould give them ownership of the work. They should minimize control but retain accountability.
* **Meaningfulnessofthework**-Theworkitselfshouldbemeaningful,interestingand challengingfor the employee to perform and to get motivated.

**LimitationsofTwo-FactorTheory**

* Thetwofactortheoryisnotfreefrom limitations:
* Thetwo-factortheoryoverlookssituationalvariables.



* Herzbergassumedacorrelationbetweensatisfactionandproductivity.Buttheresearch conducted by Herzberg stressed upon satisfaction and ignored productivity.



* Thetheory**’**sreliabilityisuncertain.Analysishastobemadebytheraters.Theratersmayspoil the findings by analyzing same response in different manner.
* Nocomprehensivemeasureofsatisfactionwasused.Anemployeemayfindhisjobacceptable despite the fact that he may hate/object part of his job.



* The two factor theory is not free from bias as it is based on the natural reaction of employees whentheyareenquiredthesourcesofsatisfactionanddissatisfactionatwork.Theywillblame dissatisfaction on the external factors such as salary structure, company policies and peer relationship. Also, the employees will give credit to themselves for the satisfaction factor at work.
* Thetheoryignoresblue-collarworkers.Despitetheselimitations,Herzberg**’**sTwo-Factortheory is acceptable broadly.

#### TheoryXandTheoryYorDouglasMcGregorTheory

In 1960, Douglas McGregor formulated Theory X and Theory Y suggesting two aspects of human behaviouratwork,orinotherwords,twodifferentviewsofindividuals(employees):oneofwhichis negative, called as Theory X and the other is positive,so called as Theory Y. According to McGregor, the perception of managers on the nature of individuals is based on various assumptions.

**AssumptionsofTheoryX**

* Anaverageemployeeintrinsicallydoesnotlikeworkandtriestoescapeitwheneverpossible.
* Sincetheemployeedoesnotwanttowork,hemustbepersuaded,compelled,orwarnedwith punishment so as to achieve organizational goals. A close supervision is required on part of managers. The managers adopt a more dictatorial style.



* Manyemployeesrankjobsecurityontop,andtheyhavelittleornoaspiration/ambition.
* Employeesgenerallydislikeresponsibilities.
* Employeesresistchange.
* Anaverageemployeeneedsformaldirection.

**AssumptionsofTheoryY**

* Employeescanperceivetheirjobasrelaxingandnormal.Theyexercisetheirphysicaland mental efforts in an inh
* Employeesmaynotrequireonlythreat,externalcontrolandcoerciontowork,buttheycanuse self-direction and the organizational objectives.



* Ifthejobisrewardingandsatisfying,thenitwillresultinemployees**’**loyaltyandcommitmentto organization.
* Anaverageemployeecanlearntoadmitand recognizetheresponsibility.Infact,hecaneven learn to obtain resp

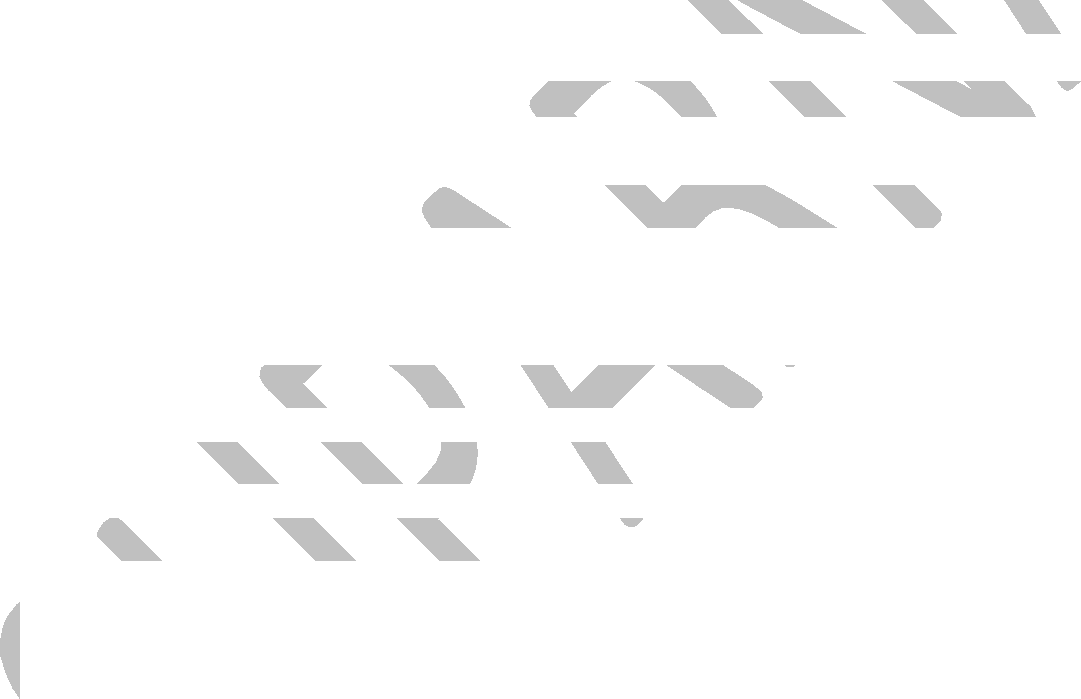
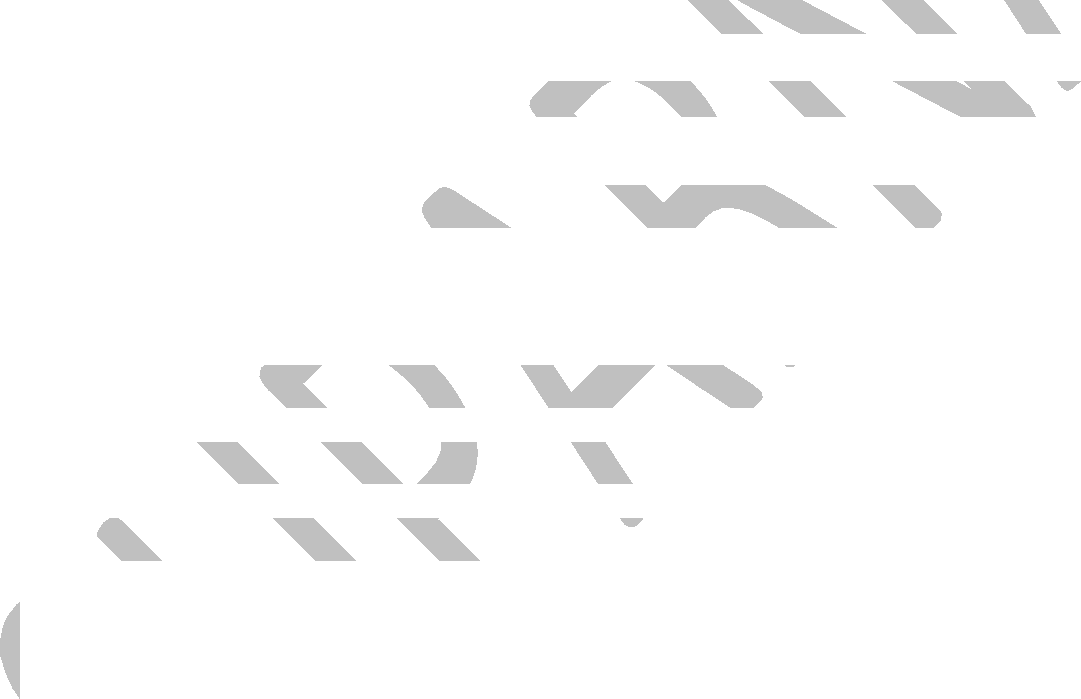
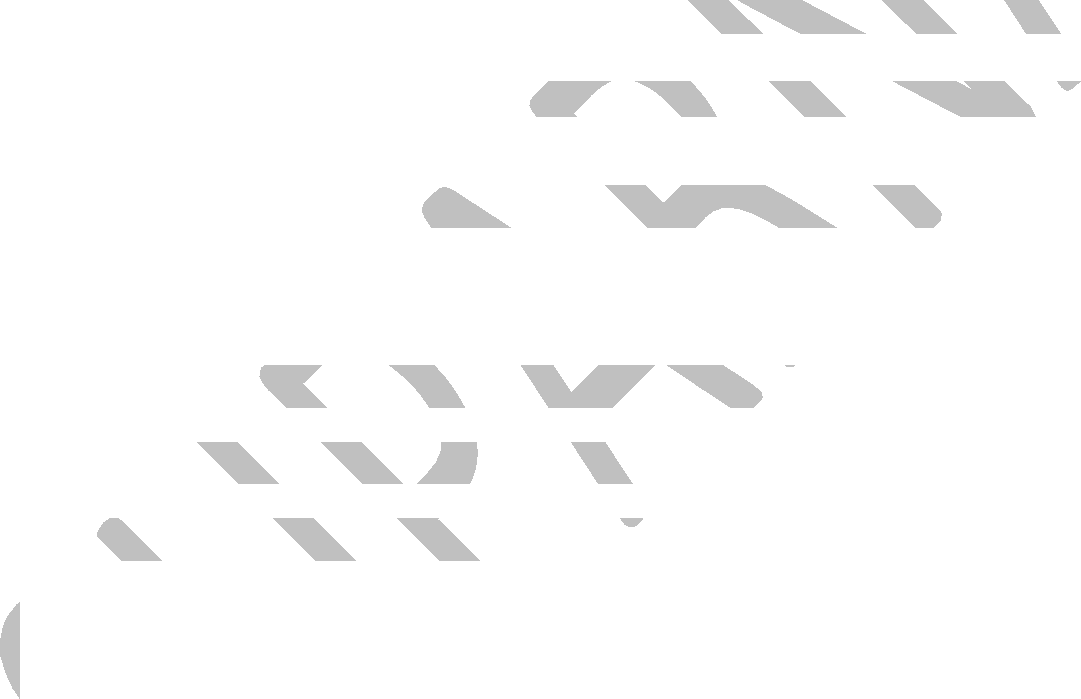
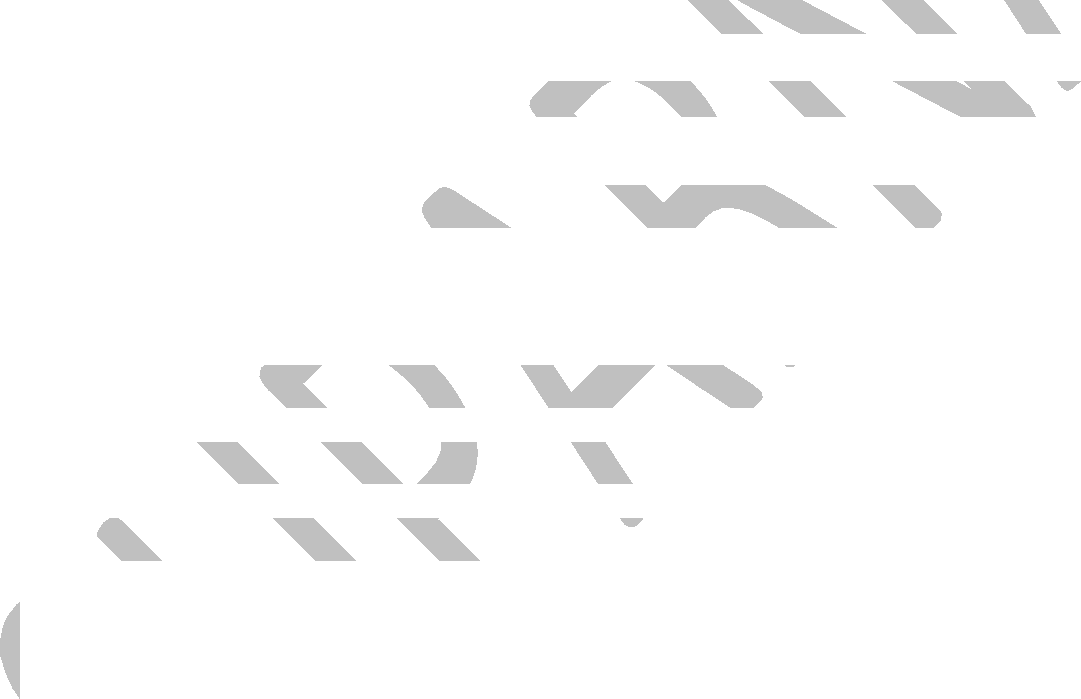
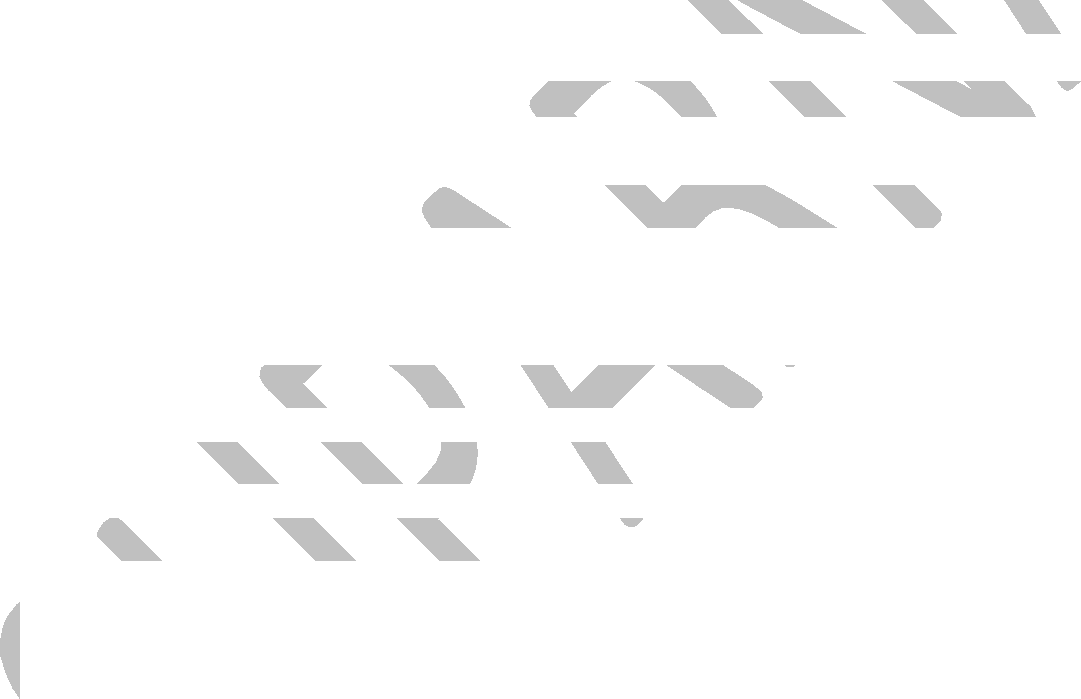
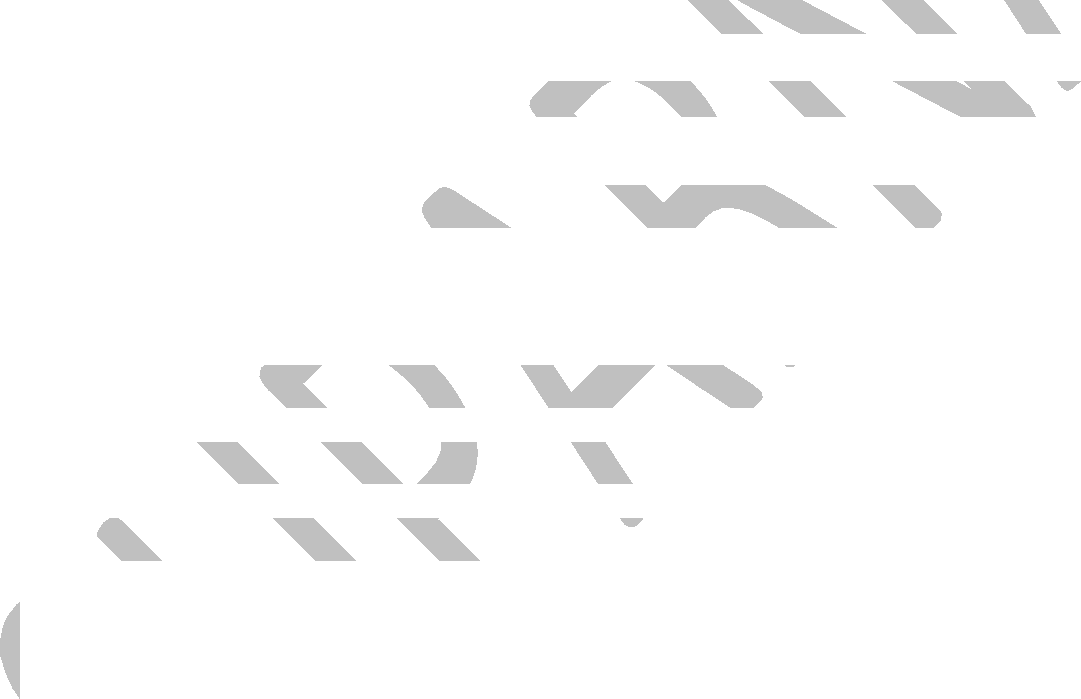
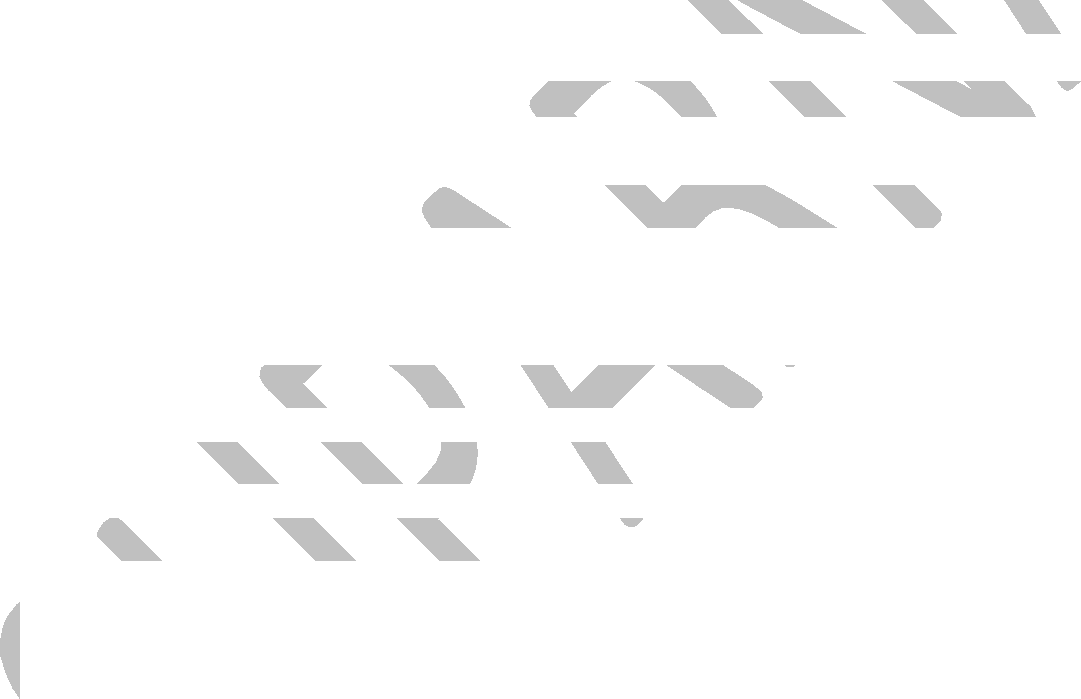
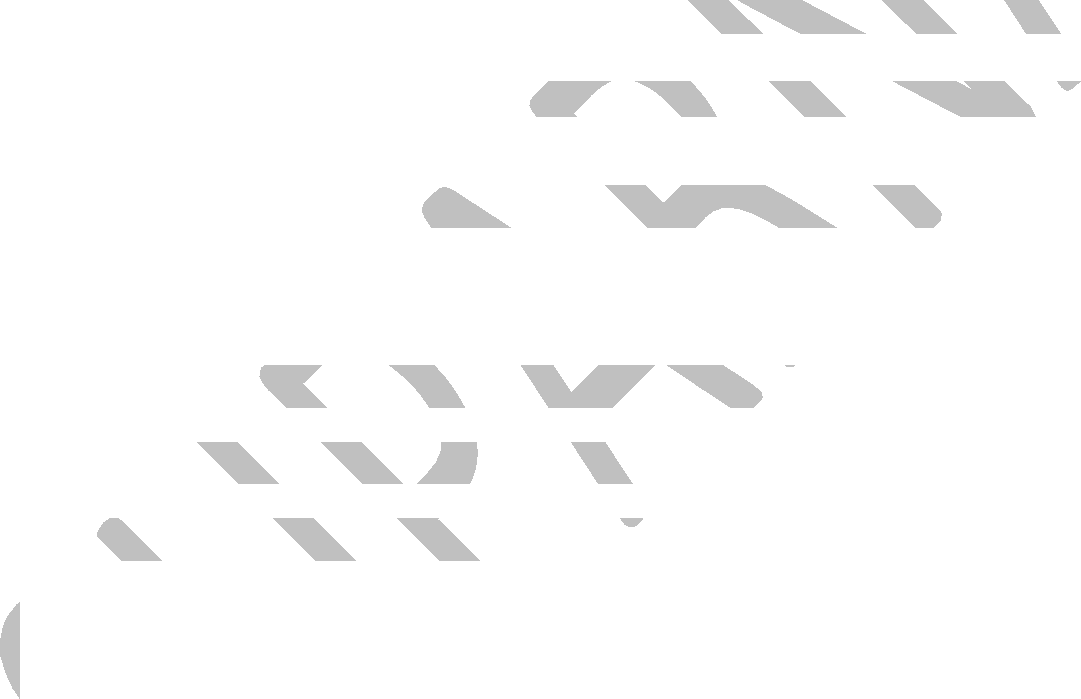
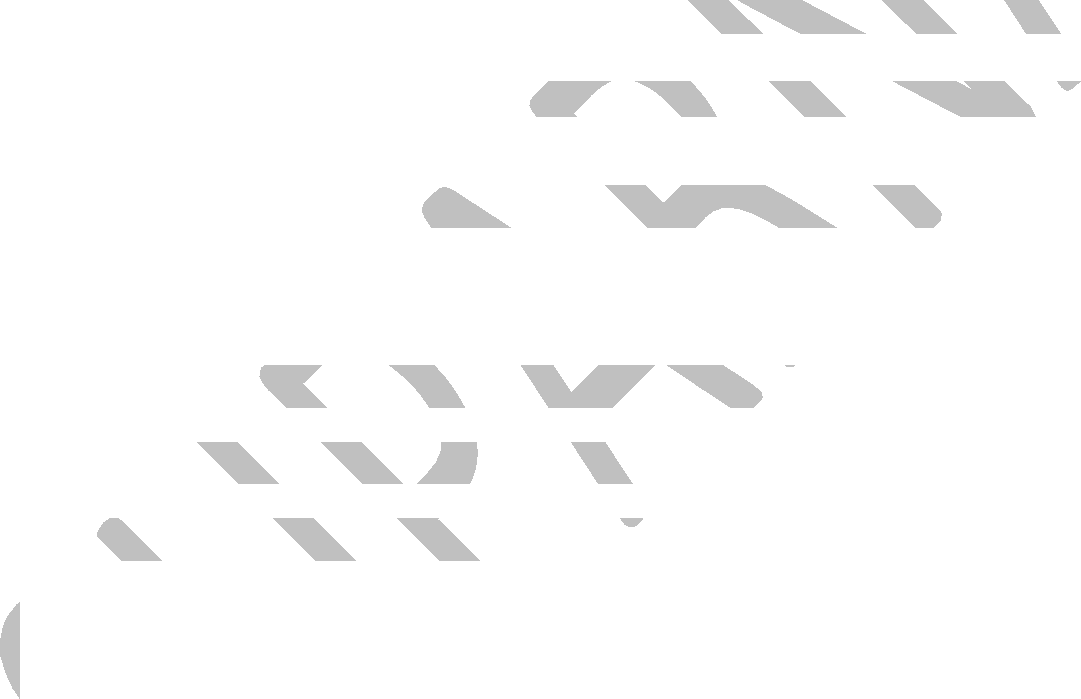
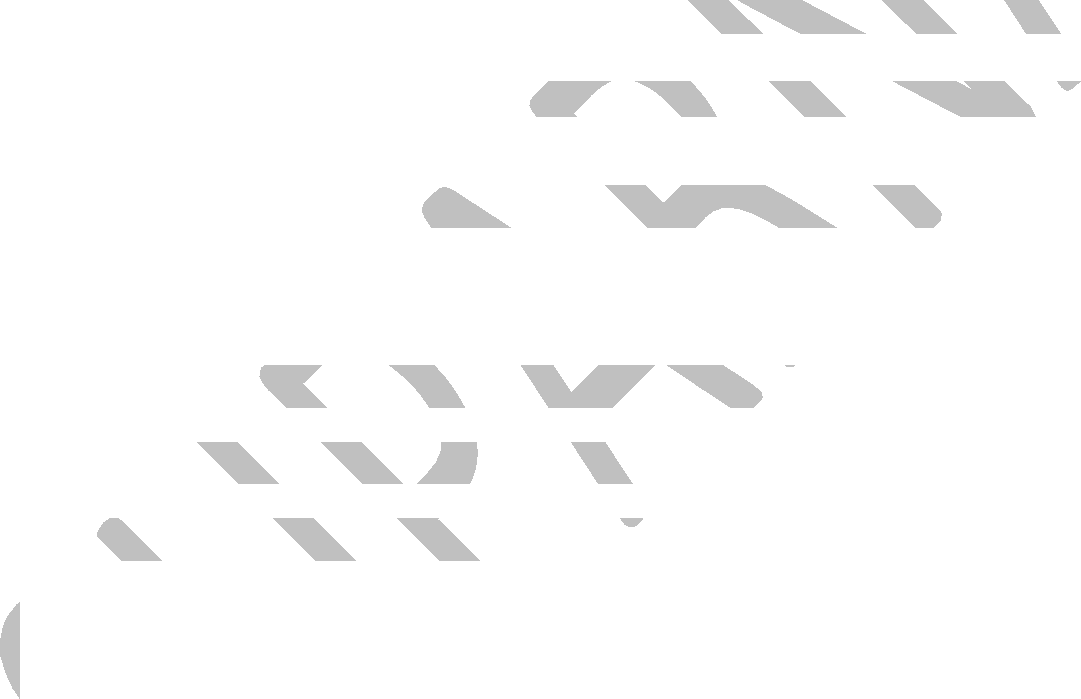
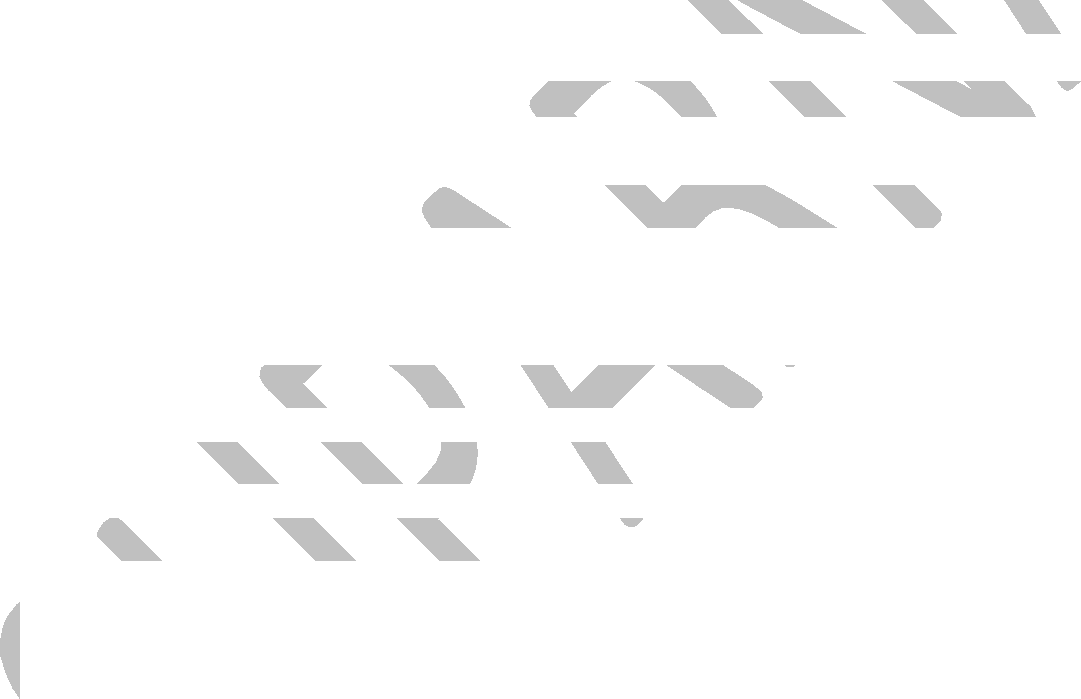
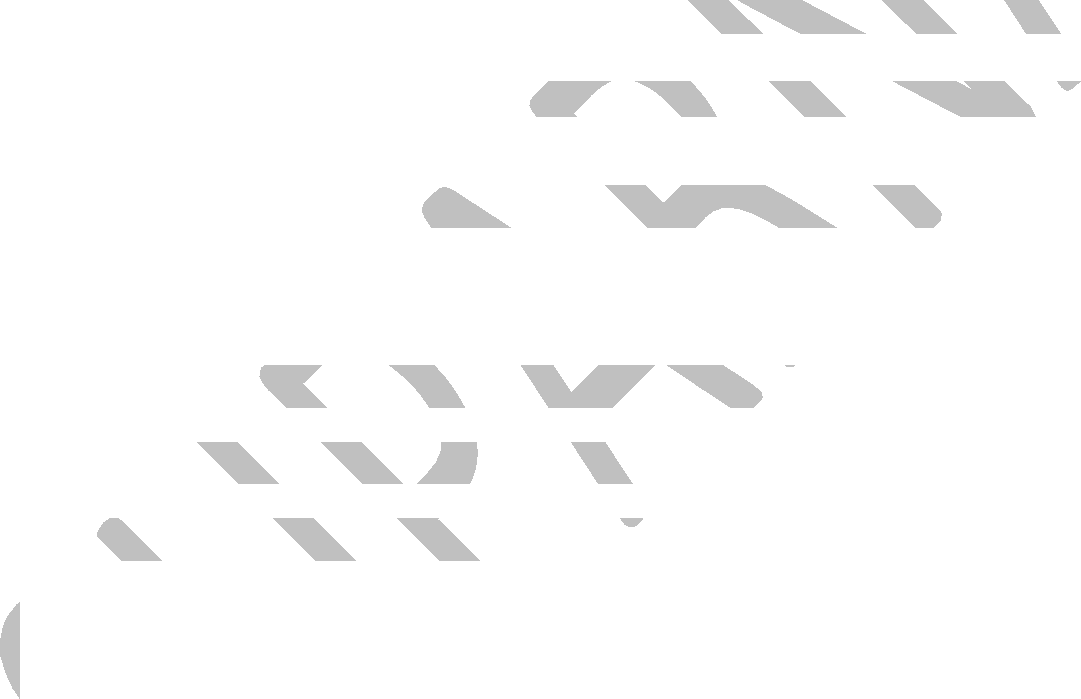
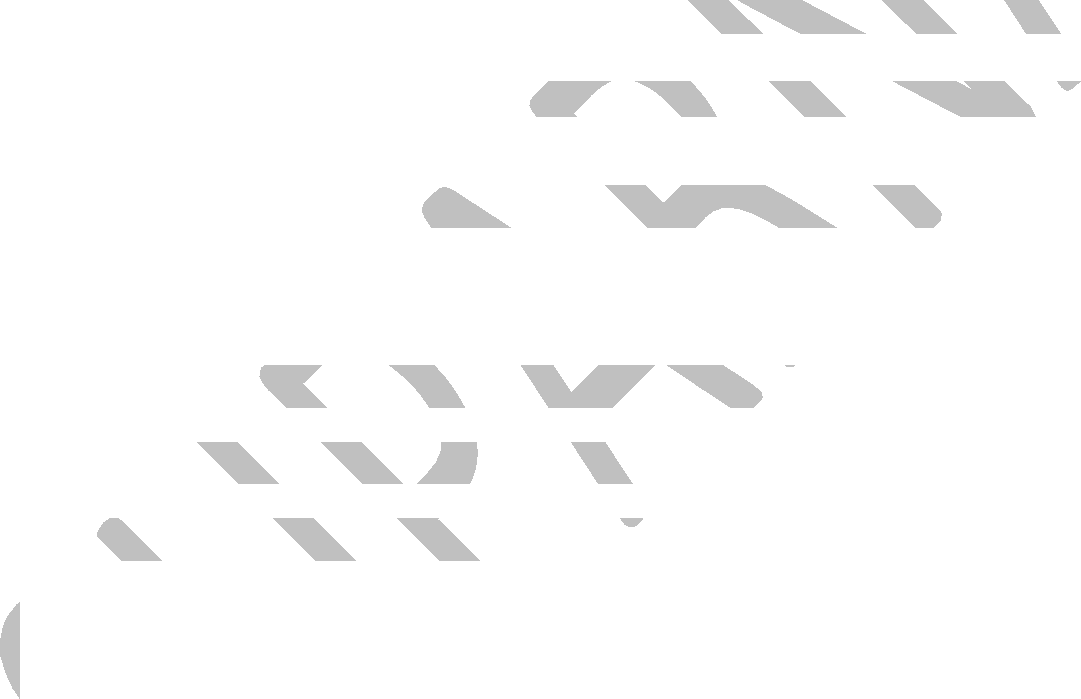
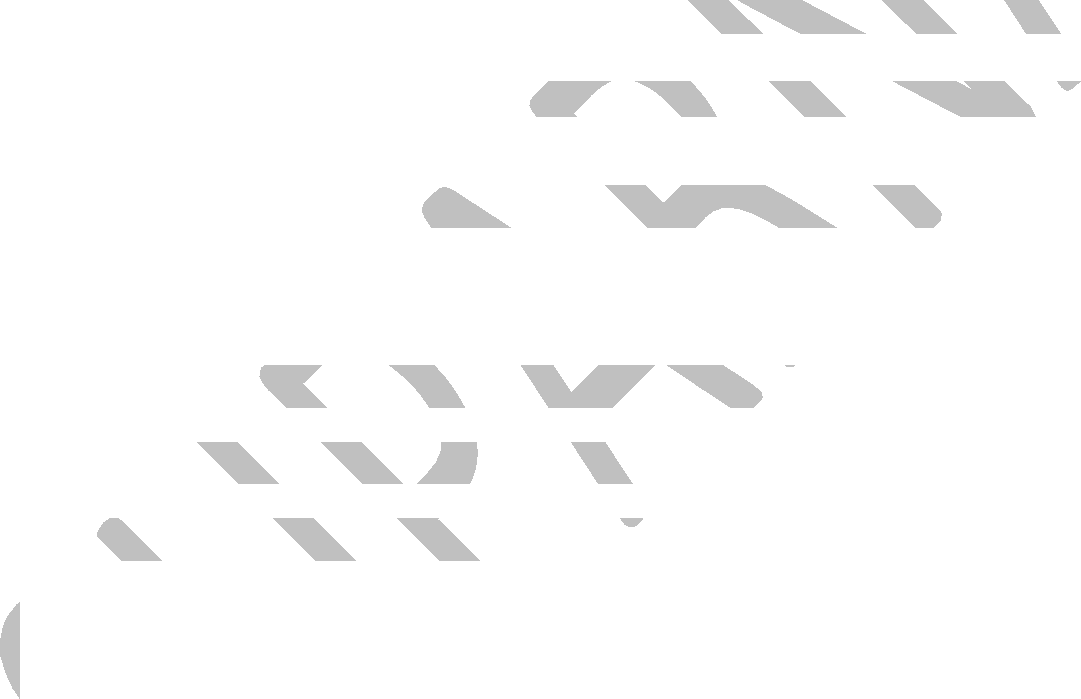
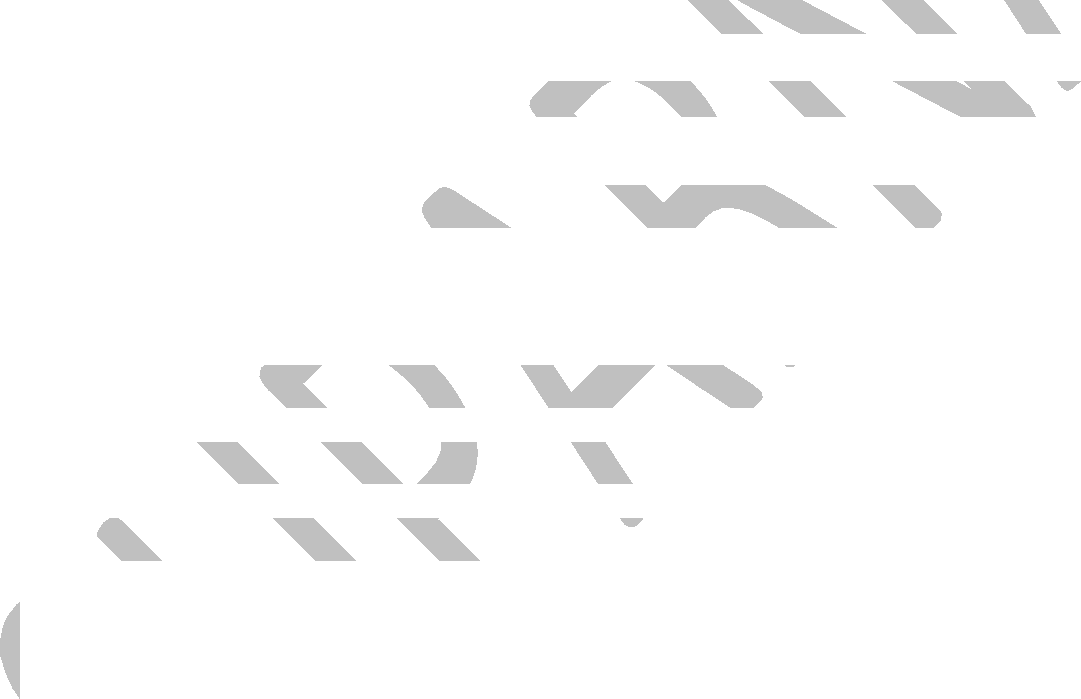
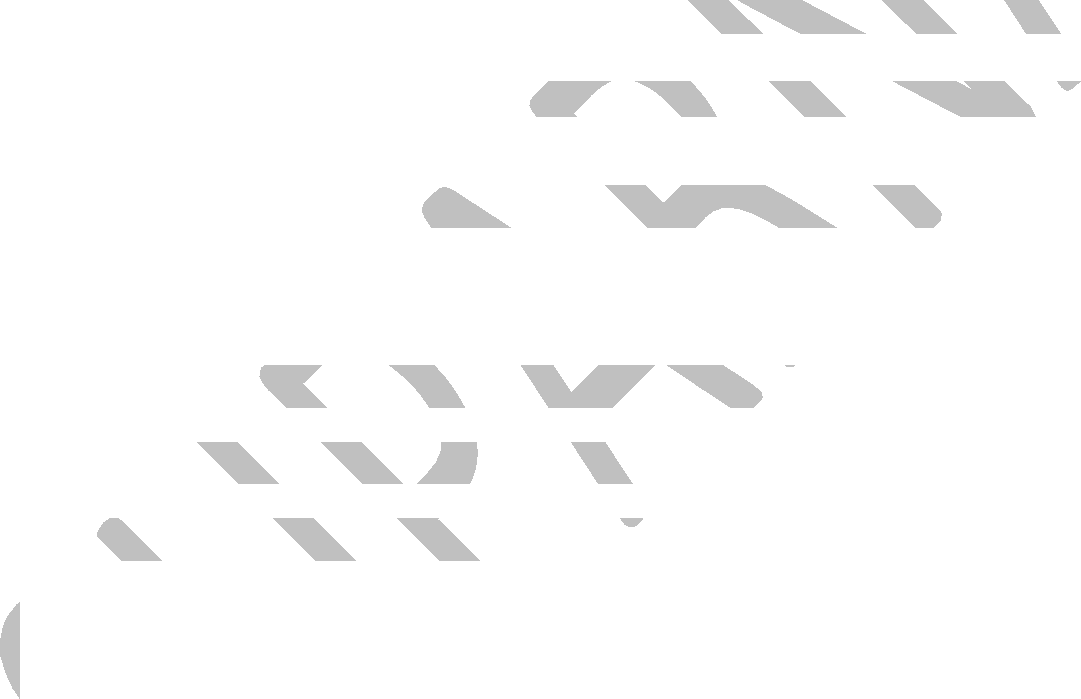
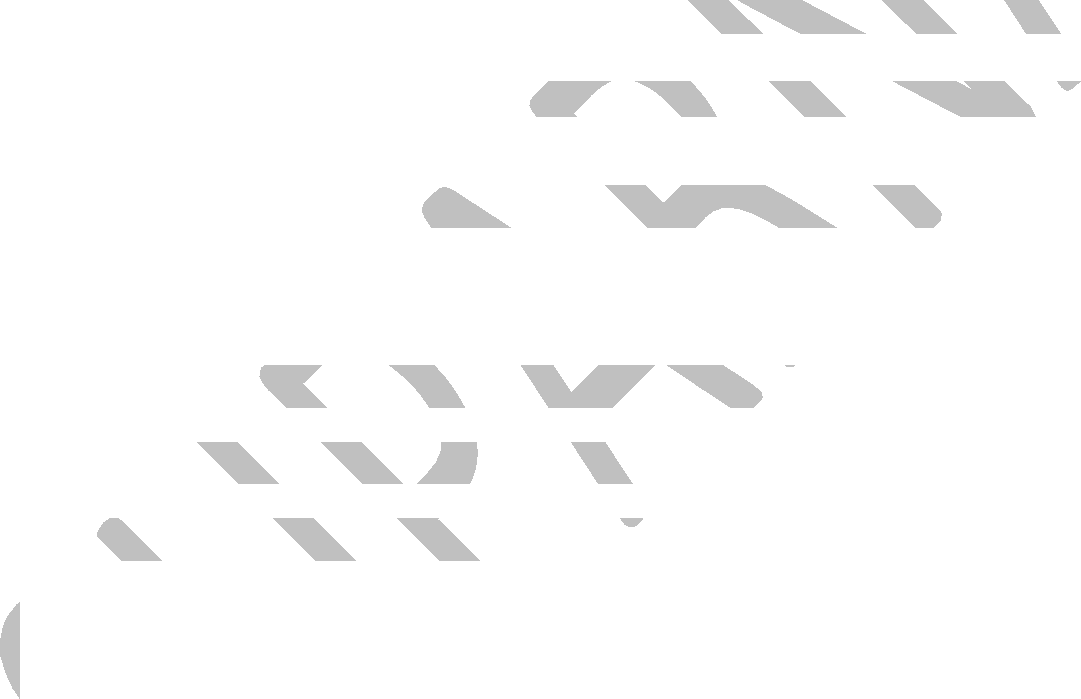
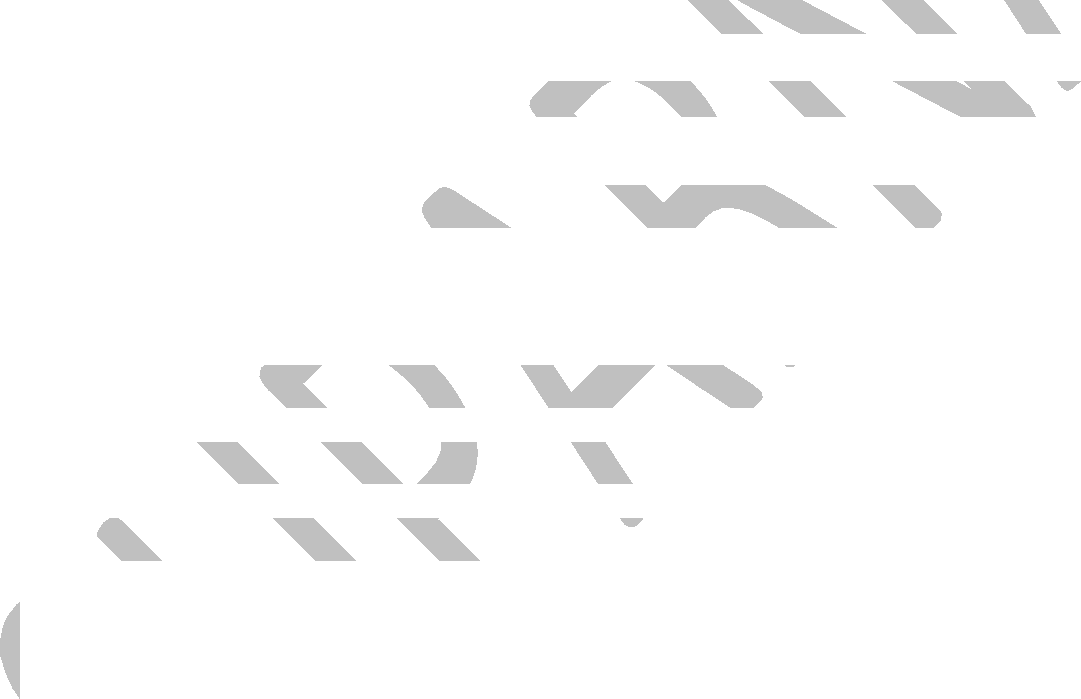


* Theemployeeshaveskillsandcapabilities.Theirlogicalcapabilitiesshouldbefullyutilized.In other words, the cr employees can be utilized to solve organizational problems.

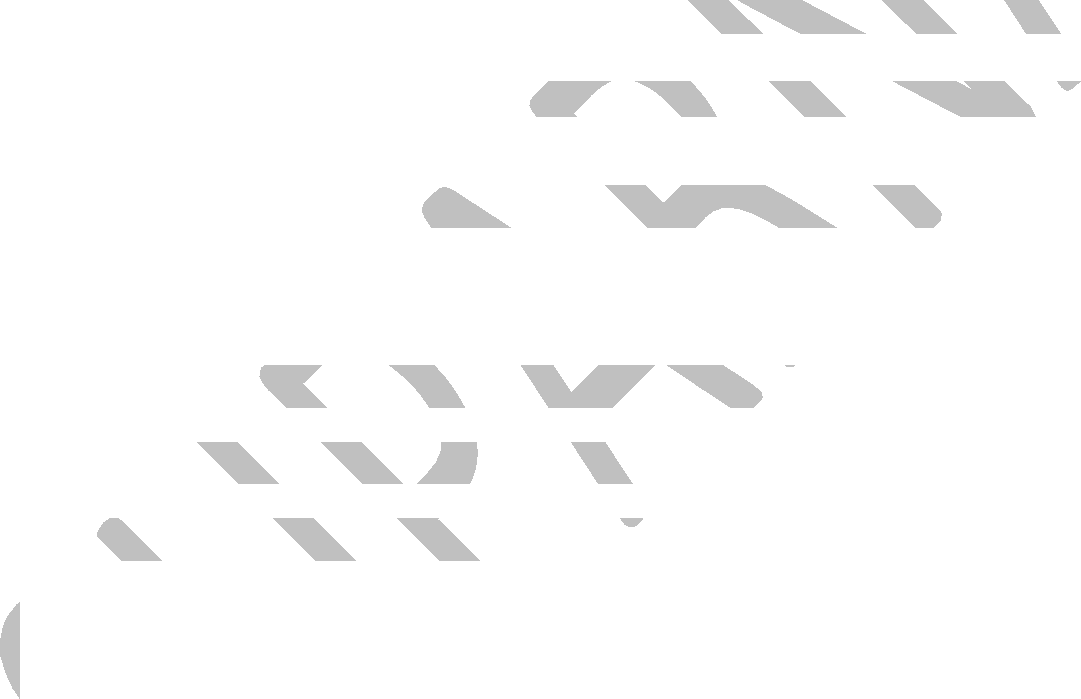
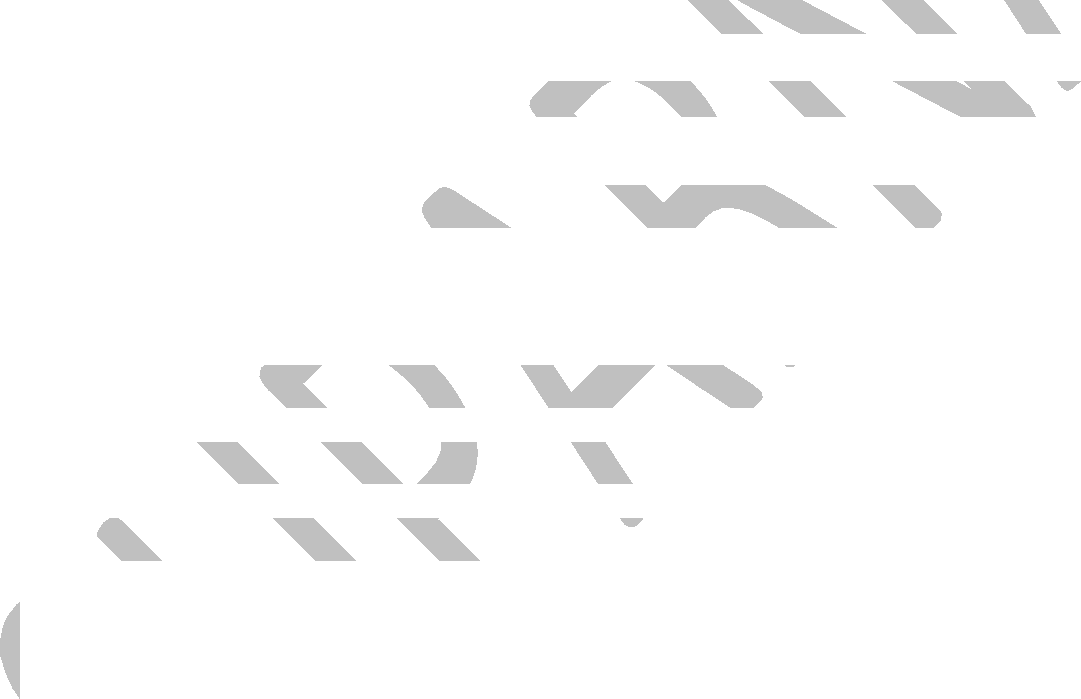
**Conclusion**

Thus,wecansaythatTheory Xpresentsanegativeview ofemployees**’** natureandbehaviouratwork,whileTheoryYpre behaviouratwork. If correlate itwithMaslow**’**s theory, wecansay thatTheory X is basedontheassumptionthat theem safetyneeds;whileTheoryXisbasedontheassumptionthatthesocialneeds,esteemneedsandtheself-actualizationn

McGregorviewsTheoryYtobemorevalidandreasonablethanTheoryX.Thus,heencouragedcordialteamrelations,respons making process.



N



Taxationisthecollectionofashareofindividuaalnd organizationailncomeandwealthbyagovernmentundertheauthorityoflawandcompulsorycontributionleviedonwealth ofanindividuali,nstitutionorcorporation.

# PRINCIPLESOFTAXATION

* **Equal :** The amount of taxes which the people pay shouldbeequali.e.taxesshouldbeproportionaltotheir income.
* **Certain:**Taxrules,instructionsandmannerofpayment oftax should be clear to the tax payee.
* **Timely:**Taxshouldbesoselectedand arrangedintime thatthere is minimum disturbance to the tax payee.
* **Economical:**Itwillbeoflittleuseforthegovernment if thecost of tax collection is excessive.



# PURPOSEOFTAXATION

* Toraisefundsforpublicpurposes.
* Todistributewealtheffectively.
* Toprovidesocialservices,defenceandsecurity.
* Toachievesocialandeconomicobjectives
* Toincreaseeconomicdevelopment.
* Toincreaseemployment.



# TYPESOFTAXES

* **Directtax :**Itisbornbythepersononwhichitisintendedtobe leviedbythetaxingauthority.E.g.Incometax,Corporatetaxand Capitalgainstax.
* **Indirect tax :**Inthis, theburdenofwhichispassedonbythe persononwhomitisimposed,toother person.E.g.Salestax,Excise duty,Custom dutyP,rofessionatlaxandServicetax.



# INCOMETAX

Itisadirecttaxwhichispaidbyindividualosntheannual incometotheGovernmentofIndia.

## TypesofIncomes:

* Fromsalaries.
* Fromhouseproperty.
* Profitsofprofessionorbusiness.
* Capitalgains.
* Fromothersources.



# FEATURESOFINCOMETAX

* Itisanannualtaxonincome.
* Taxarefixedbytheannualfinancaect.
* Itischargedoneverypersondefinedinsection2(31).
* Itischargedontotalincomeofeverypersoncomputedin accordancewiththeprovisionsofthisact.
* Itistobedeductedatthesourceandcanbepaidinadvance.

# PROCESSOFCOMPUTATION OF TAX



* **Classification:**Inthis,income is firstclassifiedundereach of theabovetypes.
* **Totalling:**Income of every head is totalled which is knownas grosstotal income.
* **Deductions:**Thebalancewhichisleftafterprovidingthedeductions is known as total income.
* **Provisions for tax :** Grossamountofincometax payableis then calculated on this total income according to the rates prescribed by financeact.



# SALESTAX

Itisanindirecttaximposedonsaleofgoodsorservices.

# CENTRALSALESTAXACT (1956)

* It extendstowhole India.
* It is dividedinto 6 chapters and 26 sections.
* Itmakesprovisionsforsinglepointaswellasmultiplepoint tax.
* Thegoodsunder thisactisclassifiedas:
  + Declaredgoodsofspecialimportanceininter-state trade. o Other goods.
* Thereisnoexemptionlimitforlevyiftaxinrelationtoturnover of dealer.
* Every dealer engaged in inter-state trade has to get himself registeredandthecertificateofregistrationhastobedisplayedat all places of his business.



* Theactdoesnotproviderulesregardingsubmissionof returns,paymentoftax,appealsetc.
* TheCentralGovernmentandtheStateGovernmentareempoweredtoframeproperrulesandregulationsforimplementationofvariousprovisionsofthisact.
* ThetaxisleviedunderthisActbytheCentral Government, butiscollectedbytheStateGovernmentfromwherethegoods havebeensoldoutsidethe state.

# OBJECTIVESOFCENTRAL SALES TAXACT



* Toprovidetheprinciplesfordeterminingtaxwhenasaleor purchaseofgoodstakesplace:
  + Inthecourseofinterstatetrade.
  + Outsidethestate.
  + InthecourseofimportorexportfromIndia.



* Todeclarecertaingoodstobeofspecifiicmportanceininter-state trade.
* Toprovideforthelevy,collectionanddistributionoftaxesonsales ofgoodsinthecourseofinter-state trade.
* TospecifytherestrictionsandconditionstowhichStatelaws imposingtaxesonthesaleorpurchaseofgoodsinthecourseof inter-statetradeshallbesubjectedto.



# EXCISEDUTY

Itisanindirecttaxleviednecessariloynthosedutiablegoods whichareproducedinIndiaandithasnorelationshipwiththesale ofthesegoods.

# SCOPEOFEXCISEDUTY

* Itisleviedontheproductionormanufactureofgoods.
* Theburden ofthistaxfallson theconsumer.
* Itispayablewhenthegoodsareremovedfromtheplaceof production/removal.
* ItisleviedthroughoutIndiain thesame form.
* Itslawsrequirespecialrecordtobekeptforremovingthe goodsfrom the place of production/removal.
* Itislevied onthe dutiablevalue calculated.
* Itisimposedonmanufacturedgoodsonlyonce.

# TYPESOFEXCISEDUTY

* **Basic excise duty :** Also called CENVAT i.e. Central Value AddedTax. It is levied on goods included in the First Schedule of CentralExcise Tariff Act and are produced in India. The general rate of dutyis

16%.

* **Special excise duty :** This duty is levied on the goods included inSecond Schedule of CentralExcise Tariff Act.This is levied at the rate of

16-18%.

* **Education cess :** It is levied on excisable goodsmanufactured in

India @ 2% on the aggregate duties of excise leviable on such goods.



# MERITSOFEXCISEDUTY

* + Increaseinproductivity.
  + Easycollectionandlowercollectioncost.
  + Helpsinreducingtheinequalityin income.
  + Completelyflexible.
  + Controlledproductionandconsumption.

# DEMERITSOFEXCISEDUTY

## Impactofhighratesof duty:

* + It will increase the price of the goods and decrease the demand. oDecrease in demand will lead to decrease in production, which inturn leads to decrease in production and so the unemployment.
  + Reduction in demand will lead to reduction in state revenue.
* **Complicated provisions :** Itsuffersfrommanymodifications everyday which have made it complicated and difficult.



# CUSTOMDUTY

ItisanindirecttaxwhichisleviedbytheGovernmentontheimportofgoodsfromIndia.

# VALUEADDEDTAX(VAT)

It is a form of sale tax. It is a multi-point tax with provision of grantingset off tax paid on purchases against the tax payable on sales.

“ Value Added” means the difference between the sale price andpurchaseprice.

It is an indirect tax on domestic consumption of goods and services,except for those that are zero-rated. It also avoids the double taxation(tax on tax).



# ADVANTAGESOFVAT

* Thereislesschanceoftaxevasion.
* Itissimpletoadminister.
* Itistransparent.
* Itisbasedonvalueaddednotontotalprice,sopricedoesnot increaseas aresultofVAT



# DISADVANTAGESOFVAT

* Itisrelativelycompletxounderstand.
* Itiscostlytoimplementasitisbasedonfullbillingsystem.