Entrepreneurs:Concept,Features,Rationale,Distinction with Entrepreneurship,factors of success,Institute supporting small business enterprises-Central level,State level,others

UNIT 5 Entrepreneurship

Introduction to Entrepreneurship

Intrapreneurship

We have all heard of entrepreneurs, but have you ever heard of intrapreneurs? Intrapreneurship is a new term which was recently added to business terminology. But what exactly is Intrapreneurship? Let us educate ourselves with this new age concept and its features.

Intrapreneurship

Intrapreneurship is actually a clever combination of two words. It is the combination of 'intra' meaning within the company or corporate and 'preneur'.

Essentially an intrapreneur is a person who works within the company but has taken on an individual project by himself. So an intrapreneur is responsible for turning an idea or vision into a successful finished product.

So an intrapreneurship is basically a combination of entrepreneurship and management skills. The key difference is that in an intrapreneurship the intrapreneur is not the lone risk taker, but he is an employee of the firm.

But he still requires to have all the skill and knowledge of an entrepreneur, even some assertive risk-taking.

In recent years everyone with the skills and ability of an entrepreneur chooses to start their own business. This left a dearth of talent in management.

So with the evolution of intrapreneurship, the manager was made the head of the business unit and asked to run it like an entrepreneur. This helped in bridging the gap.

Features of an Intrapreneurship

- Promotes innovation or creativity in the intrapreneur. It also forces him to take more risks and responsibilities. This is an important step in developing future talents and leaders.

- These intrapreneurship projects do not require a capital contribution from the intrapreneur. The organizations fund the projects themselves. And usually, there is a profit sharing agreement with the manager.

- It also helps cultivate entrepreneurial skills and culture in a corporate setting. This merging of cultures is beneficial to both,

- In an intrapreneurial project, the chances of failure are fairly lesser than a start-up. This is because the financing of the project is by large organizations.

- Another feature is that it enriches life on the intrapreneur. He receives training to hone his managerial skills and techniques and also enhances his knowledge about business.

- Intrapreneurship results in wealth creation. The organization earns a healthy return on their investment, and the intrapreneur also earns wealth (part of the profits)

- Also, it helps in portfolio diversification for the organization.

Intrapreneur vs Entrepreneur

Intrapreneur	Entrepreneur
He is an employee of the organisation that is put completely in charge of a business division or a particular product	He is an independent individual who owns and runs his business single handly
Intrapreneur uses the capital and the resources of his employer, i.e. the organization where he works	However, an entrepreneur has to come up with the capital himself and use his own resources.
While an intrapreneur is given responsibility and authority to run his division, he is not completely independent.	An entrepreneur is completely independent of all his business decisions.
An intrapreneur begins his work in an already existing organization. He only sets up his new division.	An entrepreneur has to set up his entire business from the ground up.

<u>THE 7 ESSENTIAL QUALITIES OF THE INTRAPRENEUR</u>

Not every employee wants to leave the security of a regular salary to start their own business, but many employees want to channel their passion, creativity and drive into their work. If employers do not provide the

environment to allow employees to use this energy then they are likely to move to a business that will. Although employers need to provide the opportunity for employees to put their aspirations into practice, much also rests on employees to make it happen.

Due to the modern world's rapidly changing market place and the efforts of companies to retain their market share a new breed of an employee has emerged, namely the intrapreneur.

There are a few variations of the definition of an intrapreneur, for the purposes of our discussion we will use the following:

Coined in the 1980s by management consultant Gifford Pinchot, intrapreneurs are used by companies that are in great need of new, innovative ideas. Today, instead of waiting until the company is in a bind, most companies try to create an environment where employees are free to explore ideas. If the idea looks profitable, the person behind it is given an opportunity to become an intrapreneur. Source: Investopedia.

We have identified seven essential qualities that make a successful intrapreneur. Companies that want to harness the entrepreneurial talent of their employees need to be aware of which qualities they should look for.

1. Passionate

"Nothing great in the world has ever been achieved without passion." As the German Poet Christian F Hebbel said. Intrapreneurs have a passion for what they do and it will come across in their voice, body language and actions. Through their passion they can inspire others to join them in their journey. As the author and entrepreneur Steve Pavlina said, "Passion and purpose go hand in hand. When you discover your purpose, you will normally find it's something you're tremendously passionate about."

2. Determined

Intrapreneurs are aware that they will face obstacles and people will question their idea and their credibility. However they will have factored

that into their journey and will appreciate that not everyone will believe in their ideas and vision. Intrapreneurs believe it before they see it.

3. Courageous
Intrapreneurs are not afraid of failing and being criticised. Intrapreneurs are aware that they may lose their job if they fail, however they have the courage to pursue their goals.

4. Resourceful
Intrapreneurs focus on making the most of the resources at their disposal and finding resources without having to pay for them. This makes them a rare breed as first thing that every employee asks for is more resources. That's why Intrapreneurs can end up being worth their weight in gold.

5. Adaptable
Intrapreneurs are flexible and able to harness their situation to their advantage. They use their creativity to respond to the changes around them. They will need to work within and around the constraints of their company's internal protocols and procedures.

6. Results driven
Intrapreneurs need to focus on outcomes in order to start and complete tasks that will deliver the desired results. This requires the ability to execute ideas effectively and efficiently.

7. Diplomatic
Intrapreneurs need to ensure that they do not step on toes and upset people that can be precious about resources, decision making and recognition. Therefore intrapreneurs must aim to disrupt markets and industries instead of the people they work with and rely on.

This is by no means an exhaustive list as there are many other qualities that can be added however these are the critical ones for an intrapreneur to be successful.

Intrapreneurship: Who Is An Intrapreneur?

The idea of entrepreneurship is enticing, everyone likes to be their own boss. But not everyone can afford and live the restless and risky life of an entrepreneur. An entrepreneur has to live two lives; with the life of his startup overpowering his own.
One of the biggest risk entrepreneurs face is losing everything they've invested in the startup. This repels many brilliant minds from taking entrepreneurship as a career and has led to the creation of a new concept called intrapreneurship.

Intrapreneurship is enabling the employees with the entrepreneurial skills to come up with original ideas for the betterment of the organization and providing the resources for the same.

What Is An Intrapreneur?
An intrapreneur (also referred to as inside entrepreneur) is an employee within an organization who has certain entrepreneurial skills and who is given the responsibility and authority to use those entrepreneurial skills to develop a new product without incurring the risks associated with it.

Precisely:

An intrapreneur is what we get when we deduct entrepreneurial risks from the life of an entrepreneur.

That is, you get your salary even if your product fails.

Entrepreneur vs Intrapreneur
The ways in which entrepreneurs and intrapreneurs work are similar yet differentiable. An entrepreneur has full liberty over his decisions which he uses to envision and create the company and its products from scratch. While an intrapreneur experience less liberty but a broader vision in decision making as he is entitled to create a new product for a brand that already exists and can also capitalize on its existing brand equity and positioning.
The following points may clear the difference between an entrepreneur and an intrapreneur:

Independence
An entrepreneur is independent to take any decision for his company. He may or may not consult anyone before taking any decision. However, an intrapreneur usually reports to the owner and other top official and is usually dependent on them.

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Risks
An entrepreneur is always at a risk to lose everything he has invested in the company whereas the risks of new products developed by intrapreneurs are usually borne by the company.

Funds
An entrepreneur has to struggle with fund generation and there are cases when the startup fail because entrepreneur could not generate enough funds for its survival.
Funding is not much of a problem in intrapreneurship. They get the fund if the company feels it’s necessary.

Relationship With The Business
In the early life of a startup, the entrepreneur and the business act as one. The entrepreneur and his startup cannot be separated. However, the intrapreneurs often lack this relationship with the company they work with.

Who Is An Intrapreneur?
Even though Intrapreneurs and entrepreneurs differ in what and how they do it, they do possess many similar characteristics. Just like an entrepreneur, an intrapreneur:

Is the Leader
An intrapreneur carries the burden of the new product on his shoulder while guiding and leading his team in the pursuit of success. He

identifies and nurtures the talent in a way that the business and the team fulfills their objectives simultaneously.

Is an Innovator

Innovation is an integral part of the life of an intrapreneur. An intrapreneur always looks for innovation, not only at the time of new product development, but also in marketing, promoting, and other business strategies required to make the product succeed in the market.

Has a Vision

An intrapreneur has a clear vision of his objectives and goals. He knows what is to be done at what time and he doesn't wander around thinking of and performing unnecessary tasks.

Is an Optimist

Optimism is required when you are leading a team and working with the development of a product, the success of which isn't guaranteed. Intrapreneurs are optimists who not only motivate their team but also use this optimism to learn from their mistakes.

Why Intrapreneurship Is Beneficial (and Essential)

The big organizations today are not only challenged by the existing players but also by the new players in the market. Around 3 new startups launch every second and while many of them fail, many of the successful ones end up taking the market share of the existing players. This has made innovation and intrapreneurship a big necessity in the big organizations. Intrapreneurship has the following advantages:

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Recognition of Potential

Many brilliant entrepreneurial minds choose 9-5 jobs because of the risk involved in entrepreneurship. Intrapreneurship programmes recognize and make the use of their skills to the fullest.

Enforces Equity Theory

Equity theory is based on an idea that the employees feel motivated if an organization uses fair methods to recognize and reward their efforts. This not only makes them content but also motivates them to give their fullest to the organization. Intrapreneurship not only recognizes entrepreneurial candidates but also rewards them monetarily and non-monetarily.

Organizational Benefits

The organization gets to make use of entrepreneurial spirit in the development of new products, programmes, strategies.

Some Inspiring Examples Of Intrapreneurship

Shutterstock

Shutterstock in known to run an annual hack-a-thon where it gives its employees an opportunity to think like entrepreneurs for 24 hours and come up with ideas for the betterment of the company.

Sony

The PlayStation as we know it is the brainchild of an intrapreneur in Sony. Ken Kutaragi, an employee of Sony, wanted to make a better version of the Nintendo console and came up with the idea of the PlayStation which was recognized and rewarded by the CEO of the company.

Google

Gmail was developed by one of the intrapreneurs in Google, Paul Buchheit, who worked on this project for 4 years till its launch on April 1, 2004.

Go On, Tell Us What You Think!

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Intrapreneurship

Intrapreneurship is the act of behaving like an entrepreneur while working within a large organization. Intrapreneurship is known as the practice of a corporate management style that integrates risk-taking and innovation approaches, as well as the reward and motivational techniques, that are more traditionally thought of as being the province of entrepreneurship.

Definition[edit]

Pinchot (1985) defined intrapreneurs as "dreamers who do. Those who take responsibility for creating an innovation of any kind within an organization."[1] In 1992, *The American Heritage Dictionary* acknowledged the popular use of a new word, intrapreneur, to mean "A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation".[2] *Dictionary.com* defines an intrapreneur as "an employee of a large corporation who is given freedom and financial support to create new products, services, systems, etc., and does not have to follow the corporation's usual routines or protocols." Koch (2014) goes further, claiming that intrapreneurs are the "secret weapon" of the business world.[3] Based on these definitions, being an intrapreneur is considered to be beneficial for both intrapreneurs and large organizations. Companies support intrapreneurs with finance and access to corporate resources, while intrapreneurs create innovation for companies.[4]

The intrapreneur is not to be confused with the "innerpreneur", a person who aims at personal fulfilment more than at economic gains when creating a business. For intrapreneurs the primary motivation is the need to implement their vision of something the world needs, something that aligns with their values.

History[edit]

The first written use of the terms ‘intrapreneur’, ‘intrapreneuring,’ and ‘intrapreneurship’ date from a 1978 white paper, Intra-Corporate Entrepreneurship, by Gifford Pinchot III and Elizabeth S. Pinchot.[5] Later Norman Macrae, who read the white paper, credited the term to Gifford Pinchot III in the April 17, 1982 issue of *The Economist*.[6] The first formal academic case study of corporate entrepreneurship or intrapreneurship was published in June 1982, as a Master's in Management thesis, by Howard Edward Haller, on the intrapreneurial creation of PR1ME Leasing within PR1ME Computer Inc. (from 1977 to 1981). This academic research was later published as a case study by VDM Verlag as *Intrapreneurship Success: A Prime Example*. *The American Heritage Dictionary of the English Language* included the term 'intrapreneur' in its 3rd 1992 Edition,[7] with Pinchot as the originator of the concept. The term "intrapreneurship" was used in the popular media first in February 1985 by *TIME* magazine article "Here Come the Intrapreneurs"[8] and then the same year in another major popular publication was in a quote by Steve Jobs, Apple Computer's Chairman, in an interview in the September 1985 *Newsweek* article,[9] which quotes him as saying, "The Macintosh team was what is commonly known as intrapreneurship; only a few years before the term was coined — a group of people going, in essence, back to the garage, but in a large company."

Employee intrapreneur[edit]

"Intrapreneurship refers to employee initiatives in organizations to undertake something new, without being asked to do so." [10] Hence, the *intrapreneur* focuses on innovation and creativity, and transforms an idea into a profitable venture, while operating within the organizational environment. Thus, intrapreneurs are *Inside entrepreneurs* who follow the goal of the organization. Intrapreneurship is an example of motivation through job design, either formally or informally. (See also Corporate Social Entrepreneurship: intrapreneurship within the firm which is driven to produce social capital in addition to economic capital.) Employees, such as marketing executives[11] or perhaps those engaged in a special project within a larger firm, are encouraged to behave as entrepreneurs, even though they have the resources, capabilities and security of the larger firm to draw upon. Capturing a little of the dynamic nature of entrepreneurial management (trying things until successful, learning from failures, attempting to conserve resources, etc.) adds to the potential of an otherwise static organization, without exposing those employees to the risks or accountability normally associated with entrepreneurial failure.

Another characteristic of intrapreneurs is their courage and flexibility to think outside of the box, which allows them to work on ideas that may change strategic direction. Even though many managers are afraid of radical changes, they are often the only way to help companies grow. This is exemplified by Wipro in India, a small vegetable company that ended up being a software outsourcing powerhouse. Another example is Tony Hsieh of Zappos, who started as a commercial footwear vendor and became the CEO of Zappos, which has expanded into an online customer experience company.

According to Pinchot,[12] intrapreneurs are both employees and leaders of a large organizations that act similar to entrepreneurs in terms of e.g. self-motivation, creativity and pro-activity. Pinchot claims that while intrapreneurs must be leaders, they differ very much from managers. Strong leadership skills are needed to strengthen teams and to persuade others to follow and execute their ideas. Leadership skills are also important to support rapid decision making under uncertainty. Managers, on the contrary, consider more risks than uncertainty and often work within established patterns. Moreover, traditional managers get their authority from the above; intrapreneurs, by contrast, start without the recognition of the same degree of power.

Intrapreneurs are able to search for opportunities and shape them into high-potential innovations through teamwork and with access to corporate resources. This assumes the right conditions of good leadership, communication and the appropriate environment to support creativity, these are essential for entrepreneurial outcomes to take place [13]). The win-win situation of intrapreneurial motivation leading to corporate benefits are considered idealistic by some. According to Smedley [14]), only a few companies know how to encourage intrapreneurs. Some examples are listed below.

Examples[edit]

One of the most well-known examples of intrapreneurship is the "Skunk Works" group at Lockheed Martin. The group was originally named after a reference in a cartoon, and was first brought together in 1943 to build the P-80 fighter jet. Because the project was to eventually become a part of the war effort, the project was internally protected and secretive. Kelly Johnson, later famous for Kelly's 14 rules of intrapreneurship,[15] was the director of this group.

Another example could be 3M, who encourage many projects within the company. They give certain freedom to employees to create their own projects, and they even give them funds to use for these projects. (In the days of its founders, HP *used to* have similar policies and just such an innovation-friendly atmosphere and intrapreneurial reputation.) Besides 3M, Intel also has a tradition of implementing intrapreneurship. Google is also known to be intrapreneur friendly, allowing their employees to spend up to 20% of their time to pursue projects of their choice.

Other companies such as Xerox, Virgin, Siemens and Microsoft are also looking for unique solutions to promote Corporate Entrepreneuship, CE, in their own businesses, e.g. by developing separate research and development departments. Siemens-Nixdorf took a different approach, designing a 2-year corporate program to turn 300 managers into intrapreneurs, skilled in spotting new business opportunities with notable potential.[16]

Kanter and Richardson's [17]) case study research "Engines of Progress" describes how Ohio-Bell encouraged intrapreneurial behaviour through the development of a system of innovation called "Enter-Prize". Ostensibly, the program was about generating innovation but the design was cultural rather than financial.

CISCO lead an Innovation Everywhere Challenge to build a corporate culture of Innovation in 2016. They offered $50,000 cash ($25,000 Seed, $25,000 Reward) and 3 Months paid time off to the winners. The three ideas presented included virtual reality videoconferencing, disability hiring programs, and digital media productivity suite.[18]

Challenges[edit]

The biggest challenge for intrapreneurs is dealing with the "Corporate Immune System".[19] This expression means that corporate organizational structures such as bureaucracy, hierarchy, rules etc. do not support intrapreneurial culture and behaviour. Many companies struggle with applying the concept of intrapreneurship into their daily routines due to high levels of defined tasks and schedules that deter opportunities for serendipity and for new ideas to be recognised.[20] Issues around a highly defined schedule and lack of necessary time and space for idea creation are also highlighted in an article by Sushain Pandit (2015).[21] Kawasaki (2006) also highlights the lack of rewards for entrepreneurial behaviour as a demotivating factor to search for new ideas.[22]

Failure, or fear of failure, is another reason for organisations not becoming more entrepreneurial. Wladawsky-Berger (2010) found that firms act to protect resources by avoiding risk and penalizing failure.[23] This resonates with the framework proposed by Ahuja and Lampert (2001) that explains why companies fail to develop breakthrough inventions.[24] According to the framework, there is a tendency in large firms to favour familiar and mature technologies, and also search for new ideas that are similar to existing solutions. The authors propose investing in developing novel and emerging technologies, because this will increase the likelihood of breakthrough inventions. However their model lacks how to build upon the ideas. On the contrary, Ireland et al. (2009) present a model that conceptualises the CE strategy. Their model considers three main elements: entrepreneurial vision, organisational structure and behaviour, all of which influence and complement each other.[25] The authors claim that these factors have to be adapted at three levels: at the organisational level, at the level of top-managers and at the level of other employees. It means that an effective CE strategy cannot be dictated by top-managers, only instigated by them. In doing so, they have to create CE strategy from interactions between entrepreneurial vision, pro-entrepreneurial architecture and entrepreneurial behaviour.

Jones and Butler (1992) stated that due to organisational size, age and complex functions, entrepreneurship and management are often separated.[26] Their different levels of tolerance for risks (i.e. managers tend to avoid risks, while entrepreneurs work under uncertain conditions) generally result in managers penalizing failure. In addition, the lack of rewards and bureaucracy lead to outside entrepreneurship. Consequently, intrapreneurs often quit their jobs and set up their own businesses.[27] Behrens and Patzelt (2015) claims that this could be prevented by choosing managers with failure experience in their previous positions.[28] Smedley (2013) also suggests that creating structure for new ideas depends on managers personal experience and attitude. He gives an example of SAP, a company who claims to celebrate failure.[29] One of the recognized approaches to achieve this is through an "I wish/ I like session": the "I like" statements recognizes new projects, while the "I wish" statements consider how things can be done in a different way.

Recognising Intrapreneurs[edit]

Intrapreneurs often remain hidden and unrecognised because they often display behaviour contrary to what is considered as "corporate".[30] Accenture [31] states that recognizing and supporting intrapreneurs is the biggest challenge for Entrepreneurial Leadership. However, Sinha & Srivastava [32] may have a solution. Sinha & Srivastava's [33] study evaluates personality factors such as extroversion; work values such as the need for intellectual stimulation and creativity; and, socio-cultural factors such as individualism and power distance and the relationship between these factors and an organisation's Intrapreneurial Orientation (the extent to which employees act in an entrepreneurial manner within their place of employment). The results of the study indicate a strong association between these personality factors and an organisation's Intrapreneurial Orientation. In practical terms, this implies that organisations can influence their Intrapreneurial Orientation through selection at recruitment and through ongoing training and development.

Why is Intrapreneurship a contemporary issue and how do practitioners apply the knowledge?[edit]

Intrapreneurship is a contemporary issue with pressing relevance for corporate managers. Antoncic and Hisrich[34] conclude that intrapreneurship has a positive impact on organisational growth and profitability. Organisations that build structures and embed values to support intrapreneurship are consequently more likely to have a high Intrapreneurial Orientation and are more likely to grow than organisations with a low Intrapreneurial Orientation. Intrapreneurial organisations are more innovative, they continually renew and this proactive approach leads to new business venturing. Their findings indicate that intrapreneurship could be particularly beneficial for transition economies.

Antoncic & Hisrich[35] find that good quality open communications together with a formal structure and supported by environmental scanning and management support will help an organisation become more intrapreneurial. Barringer at al [36] support this assertion and describe the relationship between corporate entrepreneurship and strategic management. They found that the following variables can influence the organisation: Scanning Intensity, Planning Flexibility, Planning Horizon, Locus of Planning and Control Attributes. McKinsey's [37] survey supports the view that organisations with a formal process report higher success rates.

In general, the academic approach to intrapreneurship is predominantly based on the company wide re-organisation required to foster intrapreneurship.[38] By contrast, the corporate view is often that innovation is the means, rather than the end. This is described in Capozzi et al.[39] where the driver for innovation is identified as the strategic need to grow the core business. Thus, there is often a difference in the vocabulary used with academics preferring intrapreneurship and practitioners talking of innovation.[40]

Practicing managers looking to increase their organisation's Intrapreneurial Orientation, or their organisation's capacity for innovation could familiarize themselves with Altringer's[41] "New model for innovation"; this relies on successful entrepreneurs facilitating innovation sessions. This pragmatic approach relies on timely interventions to generate innovative ideas, rather than a company wide cultural change requiring organisational re-design. Another approach to bridging the gap between practitioners and academia is the model proposed by Anthony et al.[42] The Minimum Viable Innovation System (MVIS) is an attempt to take the essence of academic models and demonstrate how organisations can implement a MVIS within 90 days

How to develop Intrapreneurs?[edit]

As collaboration increases, the capability to collaborate leads finally to organizational learning as part of non-routine work processes. Many firms not only empower managers but also enable employees to become more innovative and flexible even in the course of their daily activities and routine tasks. Through empowerment, employees become owners of their tasks. Described on a larger picture is the concept of identity building. In other words, employees require opportunities to make informed choices. They must accept personal responsibility for their actions and their consequences as traditional entrepreneurs across markets would do.

For creating sustained value through building intrapreneurship into the organization, a strong management commitment is essential. The management of the firm is eventually responsible for providing the conditions that facilitate individual intrapreneurial attitude with the aim of opening the employee's minds (see also culture of open innovation).[43]

Many, including George Kliavkoff (President MGM), believe a strong culture of intrapreneurs comes from three key concepts being: an executive mandate, a creative structure, and patient capital.[44] Executive mandate means that you have top-down support for innovation within the organization.

Institutions Supporting Small Scale Industries in India

1. Small Scale Industries Board (SSIB) 2. Small Industries Development Organisation (SIDO) 3. National Small Industries Corporation (NSIC) 4. Small Industries Service Institutes (SISIS) 5. Specialised Institutions

6. State Directorate of Industries 7. State Small Industries Development Corporations (SSIDCs) 8. Industrial Estates 9. District Industries Centers (DICs)10. Technical Consultancy Organisations (TCOS) 11. Commercial Banks 12. State Financial Corporations

13. Small Industries Development Bank of India (SIDBI) 14. National Bank for Agriculture and Rural Development (NABARD) 15. Entrepreneurial Guidance Bureau (EGB) 16. Khadi and Village Industries Commission (KVIC) 17. Small Industry Extension Training Institute (SIETI) 18. Small Industry Development Corporation (SIDCO).

Institutions Supporting Small Business Enterprises in India: SSIB, SIDO, NSIC, SISIS, SSIDCs, DICs, SIDBI, NABARD and a Few Others

Institutions Supporting Small-Scale Industries – Small Scale Industries Board, Small Industries Development Organisation, Specialised Institutions and a Few Others

Small Scale Industries Board (SSIB):

Government of India constituted the Small Scale Industries Board in 1954 to advice on the programmes and policies for the development of small-scale sector. This board is also known as the Central Small Industries Board. The SSIB consists of 50 members including the representatives of the Central and State Governments, the Reserve Bank of India, the State Bank of India, State Financial Corporations and non-officials.

The Union Industries Minister is the chairman of the Board. The main task of the Board is to coordinate the activities of the National Small Industries Corporation and the Small Industries Service Institutes. The Board also offers advice on modifications or improvements for small-scale industries in the country. There is standing committee of the Board and an officer called Development Commissioner of Small Industries.

The SSIB is mainly concerned with the development of small scale units except those for which separate boards have been set up e.g., handmade paper, wool, gur, khandsari, rice husking, bee-keeping, etc. The Board has adopted liberal terms of credit for small-scale units. In recent years the Board has taken measures to increase the flow of funds especially to village, cottage, tiny and small-scale units at specified rates of interest.

These specific measures include:

(i) Bank credit to artisans, village and cottage industries would be treated as composite term loan for equipment or working capital or both. But the maximum limit of the credit with a repayment period or 7 to 10 years or more has been fixed at Rs. 25000 only.

(ii) The rate of interest for all term loans has been brought down to 16 per cent.

(iii) Application forms for credit have been simplified.

(iv) Reserve Bank of India has instructed banks to bifurcate the credit accounts to show separately the dues of the SSI units and those remaining unpaid for over four months.

Small Industries Development Organisation (SIDO):

Small Industries Development Organisation (SIDO) is the apex level organisation set up for policymaking, coordinating and monitoring agency for the development of small-scale industries. It maintains a close liaison with government, financial institutions and other agencies which are involved in the promotion and development of small-scale industrial units.

Development Commissioner of Small Scale Industries is the chief of the Small Industries Development Organisation (SIDO). The Development Commissioner is assisted by various industrial advisors and directors in evolving and implementing a programme of training and management consultancy, economic investigation and survey, the development of different types of small-scale industries, industrial estates, modernisation of small-scale industries, development of backward areas, etc.

The SIDO functions through a network of 27 offices, 31 Small Industries Service Institutes (SISI), 37 Extension Centers, 6 Product-cum-Process Development Centers, 4 Production-cum-Testing Centers and 4 Regional Testing Centers.

The SIDO covers all the small-scale industries except those falling within the specialised boards and agencies like KVIC, Coir boards, Central Silk Board, etc. The main functions of the SIDO are classified into three categories – coordination, industrial development and; extension services.

The main functions performed by it in each category are as follows:

Functions Relating to Coordination:

The SIDO's main coordinating functions include:

(i) Evolution of a national policy for the development of small-scale industries;

(ii) Coordination of the various policies and programmes introduced by the State Governments;
(iii) Maintaining liaison with the relevant Central Ministries, Planning Commission, State Governments, Financial institutions, etc.; and
(iv) Coordination of the programme for the development of industrial estates.

Functions Relating to Industrial Development:

The SIDO performs the following main functions relating to industrial development:

(i) Securing items reserved for production by small-scale industries;
(ii) Assessing the requirements of indigenous and imported raw materials and components for the small-scale sector and also arranging their supply;
(iii) Collecting data on consumer items which are imported ones and encourage the setting up of new industrial units by providing them coordinated assistance.
(iv) Preparing model schemes, project reports and other technical literature for prospective entrepreneurs;
(v) Rendering support for the development of ancillaries; and
(vi) Encouraging small units to actively participate in the Government Stores Purchase Programme.

Functions Relating to Extension Services:

The SIDO's main extension services cover the following:

(i) Provision of technical services for improved technical process, production planning, selection of machinery, preparation of factory layout and design, etc.
(ii) Provision for consultancy and training to strengthen the competitiveness of small-scale industries;
(iii) Provision for marketing assistance to small industries to market their products; and
(iv) Provision for economic investigation and information services to small-scale units.

SIDO has been renamed as Micro, Small and Medium Enterprises Development Organization.

National Small Industries Corporation (NSIC):

NISC was set up in 1955 as a public undertaking. It is engaged in promoting and developing small- scale industries in the country. For this purpose, it has special schemes to meet the needs of technocrats, physically handicapped, scheduled castes and scheduled tribe entrepreneurs.

The main functions of NSIC are as follow:

(i) Supplying machinery on hire purchase basis;

(ii) Procuring Government orders for small-scale units;

(iii) Developing small-scale units as ancillaries to large industries;

(iv) Arranging the marketing of products of small-scale units and promoting exports;

(v) Importing and distributing scarce raw materials, components and parts among actual users in the small-scale sector;

(vi) Developing prototype of machinery and equipment for transfer of technology and know- how for commercial production;

(vii) Undertaking the construction of industrial estates;

(viii) Providing training in selected trades and technologies through prototype development and training centers;

(ix) Developing and upgrading technology particularly for projects based on wastes; and

(x) Cooperating with the developing countries in setting up small-scale projects on turnkey basis.

E-Commerce Portal for MSMEs:

The NSIC has set up an E-commerce portal exclusively for MSMEs. This site will provide a platform on which MSMEs can exhibit their range of products, get brand certification and close deals with their counterparts abroad. The entrepreneurs will get the opportunity to procure market information and to participate in tenders. The portal will provide both B2B and B2C services. It will have call center support and trade assistance. It will have online national and global tender notices and alerts.

Small Industries Service Institutes (SISIS):

The Small Industries Services Institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs — both existing and prospective. The activities of SISIs are coordinated by the Industrial management Training Division of the DCSSI’s office. There are 28 SISIs and 30 Branch SISIs set up in State capital and other places all over the country.

The main functions of SISIs include:

(i) To serve as interface between Central and State Governments.
(ii) To render technical support services.
(iii) To conduct Entrepreneurship Development Programmes.
(iv) To initiate promotional programmes.

The SISIs also render assistance in the following areas:

(i) Economic Consultancy/Information/EDP Consultancy.
(ii) Trade and market information.
(iii) Project profiles.
(iv) State industrial potential survey.
(v) District industrial potential surveys.
(vi) Modernisation and implant studies.
(vii) Workshop facilities.
(vii) Training in various trade/activities.

Specialised Institutions:

In addition to the above agencies, the following specialised agencies have been set up by the Central Government:

(i) Central Institute of Tool Design, Hyderabad:

It was set up in 1968 to provide training to technical personnel of small-scale units in the design and manufacture of tools, jigs, fixtures, dies and moulds.

Its other functions are as under:

(a) Providing consultancy and advisory services including assistance in the design and developments of tools;
(b) Recommending measures to standardise tools, and tooling elements, components of jigs, fixtures, dies, etc.; and
(c) Offering tool room facility and production of dies, jigs, fixtures, gauges, etc. on a limited basis.

(ii) Central Institute of Hand Tools, Jalandhar:

It was set up to provide improved technology, raw materials, design and testing for hand tools industry.

(iii) Central Tool Room Training Centers:

These are located at New Delhi, Kolkata, Bengaluru and Ludhiana. These provide tool room services in design, manufacture and training.

(iv) Institute for Design of Electrical Measuring Instruments (IDEM), Mumbai:

It was set up in 1969 with the assistance of UNDR It provides technical consultancy concerning the design and development of electrical and electronic instruments, calibration and testing, tool designing and fabrication, prototype fabrication and training.

(v) National Institute of Small Industries Extension Training (NISIET), Hyderabad:

It was set up in 1956. It runs courses in business management for entrepreneurs and employees of small-scale industries.

Its main functions are as follows:

(a) Providing training to persons engaged in small business;

(b) Undertaking research programmes in connection with development of small-scale industries; and

(c) Entering into technical assistance agreements with international or other organisations for provision of services for the development of small-scale industries.

Other national institutes are:

(vi) Central Machine Tool Institute, Bengaluru.

(vii) Central Institute for Plastics Engineering and Tools, Chennai.

(viii) National Institute of Foundry and Forging Technology, Ranchi.

(ix) Electronic Service and Training Centre, Nainital.

(x) Sports Goods and Leisure Time Equipment Institute, Meerut.

State Directorate of Industries:

Under the Constitution of India, promotion and development of small-scale industries is a State subject. Therefore, the primary responsibility for implementation of policies and programmes of assistance rests with the Directorate of Industries in each State. It acts under the overall guidance of SIDO and concerned Central institutions. It performs both regulatory and developmental functions. It functions through a network of District Industries offices, industries offices and extension offices at district, sub-division and block levels respectively.

The main functions of Directorate of Industries are as follows:

(i) Registration of small-scale units.

(ii) Providing financial assistance and the State aid to Industries.

(iii) Distributing scarce and indigenous raw materials to industrial units.

(iv) Granting essentiality certificates for imports of raw materials.

(v) Establishing industrial estates and industrial cooperatives.

(vi) Providing technical consultancy and training to entrepreneurs.
(vii) Developing industrial infrastructure.
(viii) Undertaking industrial surveys and collecting information.
(ix) Arranging concessions and incentives for industries.
(x) Overall administration of village and small-scale industries.
(xi) Maintaining liaison with other agencies for industrial development.

State Small Industries Development Corporations (SSIDCs):

These have been set up under the Companies Act to cater to the primary developmental needs of village and small scale units in respective States.

The main functions of SSIDCs are as follows:

(i) Procurement and distribution of scarce raw materials.
(ii) Supply of machinery on hire-purchase basis/system.
(iii) Providing assistance for marketing of the products of small-scale units.
(iv) Construction of industrial estates and their maintenance.
(v) Extending seed capital assistance on behalf of the State Government.
(vi) Promoting joint ventures and trade centers for small-scale sector.
(vii) Providing managerial assistance.

Industrial Estates:

Developing countries require institutional arrangements for their rapid industrialisation and balanced growth. One such institutional measure is industrial estates. The term 'industrial estate' is called by different names, e.g., industrial park, industrial zone, industrial region, industrial city, industrial area, industrial township, etc.

An industrial estate has been defined as a method of "organising, housing and servicing industry, a planned clustering of industrial enterprises offering standard factory buildings erected in advance of demand and a variety of services and facilities to the occupants."

According to Dr. PC. Alexander "an industrial estate is a group of factories constructed on an economic scale in suitable sites with facilities of water, transport, electricity, steam, banks, post office, canteen, watch and ward and first aid provided with special arrangements for technical guidance and common service facilities." In the words of Bredo, "an industrial estate is a tract of land which is sub-divided and developed according to a comprehensive plan for the use of a community of industrial enterprises."

The main features of an industrial estate area as follows:

(i) It is a tract of land subdivided and developed into factory plots or sheds.

(ii) It provides several common facilities or infrastructural amenities such as water, power, transport, tool room, training, bank, post office, repairs and maintenance, etc. to the occupants.
(iii) It is a planned clustering of industrial units.
(iv) It is designed as a tool of industrialisation and balanced regional development.
(v) It may be developed in urban, semi-urban or rural areas.
(vi) It may be large, medium and small.
(vii) It may be set up by the Government or by cooperatives or by private agencies.

Types of Industrial Estates:

Industrial estates may be classified into the following categories:

1. General Purpose or Composite Industrial Estates – Such an industrial estate provides accommodation to all types of small-scale industries. It consists of a wide variety and range of industrial units. Most of the industrial states in India are of this type.
2. Special Purpose Industrial Estates – This type of industrial estate is particularly constructed for specified groups of entrepreneurs, e.g., technically qualified persons, craftsmen or artisans, etc. For example, industrial estates for artisans and technical personnel have been set up at Hyderabad.
3. Ancillary Industrial Estates – Such an industrial estate houses manufacturing units, which produce parts and components for a large industrial unit. It is generally set up near the parent unit.
4. Functional Industrial Estate – This type of industrial estate consists of industrial units manufacturing the same product. Such estates have been set up for leather goods, electronics, sports goods, food preservation, ceramics, etc.
5. Flatted Factory Estates – There are multi-storey buildings constructed in big cities, to provide space to industrial units manufacturing light weight goods with the help of simple machine tools. They help to conserve space.

Advantages of Industrial Estates:

Industrial estates offer the following benefits:

1. Economies of Scale:

A location of many medium or small plants within a large area offers several economies. Economies of scale arise because all the industrial units enjoy common infrastructural facilities. As the size of an industrial estate increases the costs of estate development and administration per unit of each facility decline.

2. Economies of Agglomeration:

In an industrial estate, several industrial units are clustered together. They become interrelated and interdependent. This enables them to enjoy the benefits of agglomeration and external economies. These external economies include access to better transportation facilities, availability of trained labour, regular supply of power and water, easy access to testing and repair facilities, availability of raw materials, etc.

3. Low Investment:

A small-scale entrepreneur can obtain an industrial plot or shed on rent or hire-purchase basis. This reduces considerably fixed capital requirement as well as fixed costs.

4. Less Risk:

Industrial estates serve as risk-absorbing device because of low capital investment and provision of common facilities and services.

5. Saving of Time and Effort:

An individual-entrepreneur is relieved of the trouble of searching for a suitable space. He need not waste his time and effort in formalities involved in acquiring land, obtaining the approval of local authorities, securing power connection, etc.

6. Nursery for New Entrepreneurs:

Industrial estates reduce risks and increase profitability through internal and external economies. This induces new entrepreneurs to set up industrial units.

7. Mutual Cooperation:

Industrial estates promote the spirit of cooperation and joint efforts. All industrial units located in an industrial estate face common problems and seek to achieve common objective.

8. Balanced Regional Development:

By developing estates in relatively backward regions, the Government can ensure the balanced industrialisation of different parts of the country. This will also lead to decentralisation of industries.

Industrial Estates in India:

One of the handicaps faced by small-scale industries in India has been the lack of well-developed space with the necessary infrastructure for carrying on their manufacturing operations. In order to overcome this problem, the Government of India launched the programme of setting up industrial estates in 1955.

The responsibility for planning, developing, constructing and managing industrial estates lies with the respective State Governments. They are free to run the estates through corporations or any other agencies of their choice. The Central Government provides financial assistance to the State Governments for the development of industrial estates. Such financial assistance is provided in the form of loans, grants and subsidies.

Industrial estates as a tool of rapid and balanced economic development occupy a prominent place in the scheme of planned growth in India. These estates are expected to foster the growth of small-scale industries, help a rural industrialization and decentralisation of industrial location.

Therefore, increasingly more funds have been allocated under successive Five-year Plans for the development of industrial estates. Such allocation of funds increased from Rs. 58 lakh under the First Five-Year Plan to more than Rs. 90 crore in the Eighth Five-Year Plan.

Objectives:

The main objectives of industrial estates in India are as follows:

(i) To provide well-planned accommodation to the new entrepreneurs.

(ii) To provide infrastructure and common facilities to small-scale units.

(iii) To enable the industrial units to avail of the products and services of one another so that they perform complementary functions.

(iv) To disperse small scale industries to new and backward areas.

(v) To provide congenial climate for the smooth functioning and growth of small-scale industries.

Progress:

Since the adoption of the scheme of industrial estates in 1955, remarkable progress has been made: But there has been under-utilisation of the estates. In one study 87 per cent of the entrepreneurs attributed their success to industrial estates. About 84 per cent of the units in industrial estates were found to be new.

However, the industrial estates have become nestles of local entrepreneurs. Efforts should be made to promote only those units through industrial estates which are good for the country. The industrial estates should not be used simply as housing colonies for small-scale units.

The reasons held responsible for poor performance of industrial units working inside the industrial estates were:

(i) Lack of essential infrastructure facilities such as roads, power and water.

(ii) Lack of common facilities such as a tool room, heat treatment, or testing.

(iii) Lack of realistic survey prior to the establishment of the estate.

(iv) Lack of a clear idea about the relevance of products to the area.

(v) Lack of local involvement and active participation in the programme.

District Industries Centers (DICS):

The District Industries Centers programme was launched in 1978 for effective promotion of cottage and small-scale industries widely dispersed in rural areas and small towns. These centers are the focal points providing under one roof all the services and support required by small scale and village entrepreneurs. These serve as an integrated administrative framework at the district level for industrial development.

Structure:

A DIC consists of one General Manager, four Functional Managers and three Project Managers having technical background. Functional Managers are concerned with economic investigation, credit, village industries and raw materials/marketing/training, etc. Project Managers provide technical service in the area relevant to the needs of the district concerned.

District Industries Centers maintain close linkages and coordination with various Central and State level organisations concerned with promotion and development of cottage, rural and small-scale industries. Government has delegated necessary powers to these centers. Monitoring and coordination Committees have been set up to review the functioning of these centers.

Functions and Role:

The main functions of DICs are as follows:

(i) Surveys:

A DIC conducts surveys to assess industrial potential of a district keeping in view the availability of raw materials, human skills, infrastructure, demand, etc. It prepares techno-economic feasibility studies, identifies product lines and work out costs. On the basis of such investigation, it provides investment advice to entrepreneurs.

(ii) Action Plans:

On the basis of endowments and possibilities in the district, a DIC prepares an action plan for industrial development. This plan is coordinated with District Credit plan of the lead bank.

(iii) Appraisal:

A DIC appraises the various investment proposals received from entrepreneurs. Then it helps worthy entrepreneurs in obtaining credit by explaining various credit schemes, preparing application forms, helping in assessing the applications, keeping liaison with banks and financial institutions and monitoring flow of industrial credit in the district.

(iv) Guidance:

A DIC guides and assists entrepreneurs in identifying appropriate machinery and equipment, ascertaining sources of machinery and equipment, helping in planning orders, helping in importing machinery, etc. It also ascertains raw material requirements and their sources, arranges bulk purchase of raw materials and interacts with various authorities for the supply of scarce and critical raw materials.

(v) Marketing Assistance:

Under this function, a DIC collects marketing information, organises marketing outlets, keeps liaison with Government procurement agencies, assess the possibilities of ancillarisation and exports, and suggests appropriate marketing strategies to entrepreneurs.

(vi) Contact with R&D Institutions:

A DIC maintains links with research, and development institutions for up gradation of technology, quality improvement, industrial training, etc.

(vii) Training:

A DIC conducts artisans training programmes. It also serves as the technical arm of DRDA in the administration of IRD and TRYSTM programmers, and identifying opportunities and projects for the trainees.

(viii) Special Schemes:

DICs have been assigned operational responsibility for special schemes to provide self-employment to educated unemployed youth.

Progress:

DICs have played a vital role in providing assistance to entrepreneurs in rural and backward areas. They have attracted and encouraged new entrepreneurs. These centers have also been instrumental in setting up SSI units and rural artisan industries.

Technical Consultancy Organisations (TCOS):

A network of Technical Consultancy Organisations (TCOs) was established by the all-India financial institutions in the seventies and the eighties in collaboration with state-level financial/ development institutions and commercial banks to cater to the consultancy needs of small industries and new entrepreneurs. At present, there are 15 TCOs operating in various states, some of them covering more than one state.

Functions:

Initially, TCOs' functions were focused on pre-investment studies for small and medium scale enterprises.

Over the years, they have diversified their functions to include the following:

(a) To prepare project profiles and feasibility profiles.
(b) To undertake industrial potential surveys.
(c) To identify potential entrepreneurs and provide them with technical and management assistance.
(d) To undertake market research and surveys for specific products.
(e) To supervise the project and where necessary, render technical and administrative assistance.
(f) To undertake export consultancy for export-oriented projects based on modern technology.
(g) To conduct entrepreneurship development programmes.
(h) To offer merchant banking services.
(i) A summary view of the progress/performance of TCOs during the last two years.

Special Economic Zones (SEZ):

Government of India has set up eight special economic zones in the country. A SEZ is a specifically delineated duty free enclave with all the required infrastructure. Units established in a SEZ do not require license for imports. Several other incentives and facilities are offered to such units. Government policy on SEZ will help to attract industries in the states wherein such zones have been set up. Now companies in the private sector are also allowed to set up SEZ. SEZs will help to attract industries in backward areas because most of the SEZs are being set up in such areas. The much hyped SEZ scheme is losing its appeal of the 583 companies that held the rights to build SEZ, 202 have walked away. Approvals are falling and withdrawals are increasing.

Four main reasons are behind all this:

(i) In 2008 responsibility of land acquisition transferred from Government to developers who face great problems in acquiring land.

(ii) The draft of the Direct Tax Code changes the basis of incentives from profits to investments.

(iii) Incentives for export units to shift to SEZs are decreasing.

(iv) Budget 2011 removes income tax exemption, slaps 18.5% minimum alternate tax (MAT) and 15% dividend distribution tax, breaking the promise of 15 year tenure on SEZ policy.

A handful of sectors and a handful of states account for a major share of SEZs.

Angel Investors and Mentors:

More than money, it is the right advice that can spell the difference between success and failure for a new venture. Angel investors and mentors help founders of new ventures. For example, Rajan Anandan has invested in 20 start-ups in 6 years and coached several start-ups. Access to money in the right amounts and at the right times is crucial for a start-up venture.

Government of India introduced a single page registration called the Udyog Aadhar Memorandum. The previous registration form consisted of 14 pages. MUDRA (Micro Units Development and Refinance Agency) was launched to finance small non-corporate entities up to Rs. 10 lakh each. National Investment & Infrastructure Fund (NIIF) was created with a carpus of Rs. 1,000 crore to finance greenfield/brownfield projects.

Institutional Support to Small Scale Industries in India – 14 Institutions that Provide Different Types of Support to Small Entrepreneurs

The followings are the institutions which provide different types of support to small entrepreneurs:

1. Commercial Banks
2. State Financial Corporations
3. District Industry Centres (DICs)
4. Small Industries Service Institutes (SISIs)
5. Small Industries Development Bank of India (SIDBI)
6. National Bank for Agriculture and Rural Development (NABARD)
7. National Small Industries Corporation (NSIC)
8. Small Industries Development Organisation (SIDO)
9. Small Scale Industries Board (SSIB)
10. Entrepreneurial Guidance Bureau (EGB)
11. Khadi and Village Industries Commission (KVIC)
12. Technical Consultancy Organisations (TCO)
13. Small Industry Extension Training Institute (SIETI)
14. Small Industry Development Corporation (SIDCO)

1. District Industry Centres (DICs):

Governments, both Central and State, have in the past taken a number of measures for the development of small and village industries, but the actual achievement has been far below expectation, because the focus of attention for industrial development was mainly on large cities and state capitals.

Also the multiplicity of institutions involved in the development of small industries and complicated systems and procedures made the job of promoting the industrial units an uphill task for small entrepreneurs. Hence, it was felt necessary to establish a development agency which could provide all services and facilities to village and small industries under one roof. Accordingly, the DICs were established on May 8, 1978 in order to cater the needs of small units.

Each district has a DIC at its headquarter. The main responsibility of DIC is to act as the chief coordinator or multi-functional agency in respect of various Government departments and other agencies. The prospective small entrepreneur would get all assistance from DIC for setting up and running an industry. The metropolitan cities of Delhi, Mumbai, Kolkata and Chennai have been kept outside the purview of the DIC.

Organisational Setup of DICs:

Usually each DIC consists of:

i. One General Manager of the rank of Joint Director of Industries as the head.
ii. Four Functional Managers, of whom, three would be in the areas of economic investigation, credit and village industries. The fourth functional manager would be entrusted with the responsibility in any of the areas like raw materials/marketing/training etc. depending on the specific requirement of each district.
iii. Three Project Managers to provide technical services in the area relevant to needs of the district concerned. Their role is to facilitate modernisation and up- gradation of technology in the small sector.
At the sub-division level, there could be Assistant Director of Industries and Industry Promotion Officer, but these positions do not exist in every state.

Functions of DICs:

The role of DIC is mainly promotional and developmental. To attain this purpose, it has to provide needed services and support to small and village industries.

Its functions include the followings:

i. Identification of Entrepreneurs – DIC develops new entrepreneurs by conducting entrepreneurial motivation programmes throughout the district especially in small towns.
ii. Selection of Projects – DIC offers technical advice to new entrepreneurs for the selection of projects suitable to them.
iii. Registration under SSI – DIC provides provisional and permanent registration to the new entrepreneurs. After the selection of projects, entrepreneurs are issued with provisional SSI Registration which is essential for obtaining assistance from the financial institutions. Once a unit comes into being, then the unit is registered permanently.
Provisional registration is awarded for two years in the first instance and thereafter, can be renewed every year taking into consideration the fact that the party is taking effective steps to install the unit, but this renewal is limited to only two times.
iv. Clearances from Various Departments – It takes the initiative to get clearances for the project from various departments and takes follow up measures to get speedy power connection.

v. Recommending Applications to Various Other Departments – The District Industry Centre recommends the applications of SSI units for availing loans and working capital facilities to commercial banks and other financial institutions.

The DIC also recommends the application of SSI units to National Small Industries Corporation for the purchase of machinery on hire-purchase/lease basis, after assessing the technical and economic viability of the industrial units.

vi. Arranging Seed Money – The DIC, through various associated corporations, provides seed money to entrepreneurs who are technically qualified for setting up their small industrial ventures, but are not in a position to muster their own capital as a part of their contribution towards the financial assistance which they are to get from the banks or from the financial institutions.

vii. Assistance to Raw Material Supplies – DIC makes necessary recommendations to the concerned raw material suppliers and issues the required certificates for the import of raw materials, wherever necessary. This facility enables the SSI units to get raw material on controlled rates and as per their assessed requirements.

viii. Financial Assistance – Financial assistance to SSI units is being provided through various schemes of the Industries Department. Under Prime Minister's Rozger Yojana for Unemployed Youth, eligible unemployed youths get financial assistance in the form of loan and subsidy on easy terms and conditions up to Rs.95,000 for industrial, business and service activities.

ix. Subsidy Schemes – DIC assists SSI units and rural artisans to get subsidies such as power subsidy, interest subsidy, subsidy under IRDP etc. from various institutions.

DIC also provides subsidy to such SSI units which purchase testing machinery/equipment for carrying out different tests. This helps the SSI units to keep a constant watch on their products for ensuring quality.

x. Grant of Purchase Preference – The DIC allows 15% purchase preference to SSI units and 5 percent to large and medium units in respect of purchase of products by various departments approved for availing the concession.

xi. Assistance to Village Artisans and Handicrafts – DIC arranges for financial assistance with the lead bank or nationalised banks of the respective areas for village artisans.
xii. Entrepreneurship Development Programmes /Seminars – Entrepreneurship Development Programmes have been an important aspect of industrialisation since the entrepreneur may be highly qualified, but he still may not be familiar with the different aspects and steps required in setting up an industrial venture.
District Industry Centres have been conducting these programmes in association with Small Industries Service Institutes and various Technical Consultancy Organisations to develop entrepreneurial skills in the young entrepreneurs.
xiii. Import and Export Assistance – The items covered under the restricted and limited permissible categories can be imported against the Import Licence. The Import Licences are issued by the concerned Import and Export authorities on the recommendations of the General Manager of the concerned DIC.
The SSI units desirous of exporting goods are required to get registered with the concerned Export Promotion Council for availing various facilities. The application for this registration is routed through the General Manager of the concerned DIC.
xiv. Fairs and Exhibitions – With a view to give wide publicity to the industrial products being manufactured by the various industrial centres throughout India, the Govt., of India organises India International Trade Fair every year. This helps the industrial units to export their products to the outer world, identify prospective buyers and open new marketing avenues.
The DICs encourage the SSI units for participation in these fairs by providing facilities for free space for the display of their products.
Hence, District Industry Centres are supposed to provide pre-investment, investment and post-investment assistance to entrepreneurs under one roof.
2. Commercial Banks and Entrepreneurial Development:
Commercial banks play an important role in the growth and development of economy in general and the enterprise sector, in particular. The role of

banks in promotion and development of business and industry has become all the more important in post liberalisation era.

These days, commercial banks have not confined themselves to mere extension of finance to small entrepreneurs, but have shown genuine concern for their progress and development. They have now entered the challenging field of promoting new small scale entrepreneurs through Entrepreneurship Development Programmes.

In their new role as promoters of small scale sector, they have accepted yet another challenging task. They are now holding EDPs in collaboration with specialised institutions such as DIC, SISI, TCO etc. with a view to identify entrepreneurs, especially in backward areas and train and monitor them to start new ventures.

i. State Bank of India (S.B.I.):

State Bank of India is the oldest and largest commercial bank in our country. In order to accelerate the development of backward areas by monitoring potential entrepreneurs to take up risky new ventures, S.B.I. launched Entrepreneurship Development Programmes (EDPs) in 1978. As per Bank's venture, the EDPs consist of one month's intensive training in behavioural science, management aspects and field training. During the training period, the entire cost of boarding and lodging is borne by the Bank.

The Bank's EDP consists of three phases:

a. Initiation Phase – For creating awareness about entrepreneurial opportunities.

b. Development Phase – For developing motivation and managerial skills through training programmes.

c. Support Phase – Counselling, encouragement and infra-structural support for establishing and running an enterprise.

The bank launched several schemes of financial assistance to small scale industries.

Salient features of these schemes are detailed below:

a. Liberalised Scheme:

In 1959, S.B.I. launched its Liberalised Scheme of Assistance to small scale industries at all its branches.

Under its Liberalised Scheme, S.B.I. extends financial assistance up to 75% of project cost in the following forms:

(i) Term loans for purchase of factory land and construction of buildings.
(ii) Term loans for acquiring plant and machinery for renovation, modernisation etc.
(iii) Working capital on cash credit basis to meet all production needs.

b. Entrepreneurs Scheme:

In 1967, S.B.I. launched entrepreneurs scheme for providing financial assistance to technically qualified or trained entrepreneurs to the extent of 100%, if necessary. The target group is the technocrats who lack the financial capacity to meet the normal margins stipulated by the bank. Even there is provision of entrepreneurs' sustenance needs during the start-up period. Concessional rates of interest are prescribed for such advances for the first three years of the unit's operation.

c. Equity Fund Scheme (EFS):

S.B.I, introduced its Equity Fund Scheme towards the end of 1978. The objective of the scheme is to assist new SSI units in need of equity support through interest-free loan to meet the equity gap up to Rs. one lakh repayable on long-term basis. The actual amount of assistance is the difference between 25% of the total project cost and the promoter's contribution. There is no repayment of EFS assistance during an initial period of 5 to 7 years during which other loans are re-paid. Thereafter, it is to be repaid over a period of 5-7 years through installments. Funds lent under Equity Fund Scheme bear no interest.

ii. Punjab National Bank (P.N.B.):

Through its Merchant Banking Division, P.N.B. offers similar package of assistance to small scale units.

The package of measures include the followings:

a. The banks study the economic viability and technical feasibility of the proposals and help in preparation of market-survey report with the assistance of technical consultants.
b. The bank provides assistance to entrepreneurs in obtaining various Government consents required for industrial projects.
c. The bank assists the entrepreneurs in raising finance in the form of debentures, term loans, deferred payment guarantees from financial institutions.
d. The bank assists in raising foreign exchange resources required for import of plant and machinery, components, raw materials etc.

e. The bank suggests strengthening the capital base of small scale industries, which intend to expand/diversify by conversion of partnership firms into private limited companies or conversion of private limited companies into public limited companies.
In most of the Nationalised Banks, there are Entrepreneurship Service Cells which provide consultancy services to entrepreneurs right from identification of a project to its implementation and marketing.

3. State Financial Corporations:

State Financial Corporations have been established in different states under SFCs Act of Parliament passed in 1951. These corporations provide medium and long term loans to small and medium-scale industries. Loans are given to new as well as existing industries.

Following are the important schemes of these corporations:

a. Financing Schemes:

(i) Composite Loan Scheme – A composite loan up to Rs. 50,000 without any margin money is given to artisans in villages and small towns involving utilisation of locally available raw materials and natural resources.
(ii) Scheme for Technical Entrepreneurs – The corporations have a scheme for financing industrial units promoted by technical personnel possessing a degree or diploma in any discipline of engineering. The maximum limit under the scheme is of Rs. 2 lakh with a margin money of 15%.
(iii) Tiny Unit Scheme – The corporations grant assistance to tiny units which acquire plant and machinery up to the value of Rs. 2 lakh at a margin of 20% on fixed assets.
(iv) Scheme for Physically Handicapped Persons – The corporations extend financial assistance to the extent of Rs. 3 lakh to physically handicapped (40% orthopaedically handicapped) persons for setting up industrial units as sole- proprietor/partnership concerns with minimum of 60% share.
(v) Special Scheme for Ex-servicemen – The corporations extend financial assistance to ex-servicemen (including widows of ex-servicemen) and disabled service personnel sponsored by Director General (Re-settlement), Ministry of Defence, Government of India. The maximum loan limit under the scheme is Rs. 11.25 lakh and minimum promoter's contribution is 10%.
(vi) Scheme for Scheduled Caste/Scheduled Tribe Entrepreneurs – The corporations are financing units promoted by scheduled caste and

scheduled tribe entrepreneurs at a nil margin money up to Rs. 50,000 and at concessional rate of interest applicable to units set up in rural areas.
(vii) Scheme for Women Entrepreneurs – The corporations extend financial assistance for setting up SSI units (including cottage, village and tiny industries) promoted and managed by women entrepreneurs. The promoter's contribution under the scheme is 15% of the project cost.
(viii) Incentives for Export-Oriented Units – The industrial concerns which were sanctioned loans on or after 1.4.1987 will be entitled for rebate of 20% on the interest in the years in which their export sales reach or exceed 25% of the total sales. In addition to this rebate, 100% export oriented units will also be entitled to the rebate even during the construction period not exceeding two years.

b. Promotional Schemes:

(i) Special Capital Scheme:

Under the special capital scheme, the soft loan assistance in the form of equity is provided up to 20% of the cost of the project or Rs. 4 lakh, whichever is less, to such entrepreneurs who are technically qualified or otherwise possess experience in the line to fill the gap between prescribed minimum promoter's contribution and actually available funds. This is treated as promoter's contribution. A moratorium period of 3 years for payment of interest is given.

(ii) Seed Capital Assistance:

The corporation function as an agent of Small Industries Development Bank of India for sanctioning, disbursement and recovery of seed capital under this scheme. The assistance under the scheme @ 10% of the cost of project is given to the extent of Rs. 15 lakh to the units having cost of project up to Rs. 5 crore.

The entrepreneurs eligible for assistance under the scheme are technically qualified and experienced or have professional qualifications but lack funds to set up new units or for the expansion of the existing unit or diversification and graduation from the small-scale sector to medium-scale sector or for acquiring and starting closed unit. This assistance is granted to fill the gap between minimum promoter's contribution required and funds actually available.

(iii) Bridging Loan Scheme:

The corporations extend bridging loan facilities on a restrictive basis in those cases where the loans have been sanctioned by the corporations, but the terms and conditions could not be complied with by the parties at first instance due to reasons beyond their control.

(iv) Modernisation Scheme:

Most of the corporations have a scheme for modernisation and renovation of the existing units involving export orientation, import substitution, energy saving, improving in capacity utilisation at normal margins (Minimum promoter's contribution should be 10%).

(v) Equipment Refinance Scheme:

The corporations provide quick financial assistance to the existing, well running units for acquiring capital goods/equipments (imported/indigenous) at 22.5% margin. To be eligible, the concern should have been in operation for 4 years (for automobile and electronic units, minimum period of two years) and should have earned profits during the two preceding financial years and should not be defaulter with the institutions/banks.

(vi) Scheme for Rehabilitation of Sick Units:

The corporations provide relief and concessions to potentially sick units. The assistance is provided under the IDBI's Refinance Scheme and guidelines of Reserve Bank of India. Under the scheme, relief and concessions like funding of overdue interest, waiver of penal interest, rescheduling of loan, margin money for additional term loan etc. are provided. Additional financial assistance, if required, for installation of necessary additional equipments is also allowed.

Nature of scheme, various rules and regulations like eligibility conditions, maximum limit of loan, rate of interest, promoter's contribution may go on changing from time to time. Also there may be some changes in policies of one State Financial Corporation from another depending upon the local conditions and requirement of the time. Above mentioned schemes are only a general broad idea of the policies of the Government to help and promote entrepreneurship through financial corporations.

4. Small Industries Service Institutes (SISIs):

The success of small-scale industries depends largely on the well-established institutional set-up. In order to meet the requirement of the rapidly expanding SSI sector in the country, the Government has created adequate institutional support. Established in 1956, Small Industries Services Institutes – one in each state has been rendering very useful services to small scale industries.

Administrative Setup of SISIs:

The Small Industries Service Institute (SISI) is a multipurpose institution. It is by and large an advisory body rendering services to SSIs and to Government departments, semi-public institutions and other agencies directly or indirectly responsible for the development of the small scale sector.

Under the Indian Constitution, the State Governments are responsible for the development of the SSI sector under the overall guidance and assistance of the Central Government. The State Governments are responsible for setting up industrial estates, distributing loans under the Aid to Industries Act, setting up State Financial Corporations, providing extensions services, distributing scarce raw materials and providing other assistance.

The co-operation and co-ordination of SISIs with their state counterparts is essential for their successful operation. The SISI director is normally a member of all advisory committees set up by the state for the development of SSIs. The Industrial Extension Centres established in different districts are affiliated to the SISIs and are supervised by the directors of the SISIs. While SISI caters to all types of small industries, the extension centre serves only one or two types of industries.

The SISI normally has the following divisions, each headed by a deputy director or assistant director, as the case may be:

i. Administration including accounts

ii. Economic investigation

iii. Industrial management and training

iv. Industrial design

v. Mechanical

vi. Electrical including electronics

vii. Any other division depending upon the type of industry such as metallurgy chemicals, leather, ceramics and glass in that particular state.

The strength of officers in a division depends upon the concentration of industries in that state.

Functions of SISIs:

The functions of SISIs can be listed as follow:

a. Technical Consultancy and Advisory Service:

Since SISIs are advisory bodies, they provide policy advisory services to Central/State Governments and technical advisory services to entrepreneurs. Though SISIs are advisory bodies their advice is not binding on either the Central or State Governments

The advisory services relate to selection of profitable small enterprises, choice of appropriate machinery and equipment, appraisal of the technique of manufacture processing of raw materials, adoption of recognised standards of testing quality performance of the products of small scale industries, encouraging small units to supply participate in Governments Stores Purchase Programme. The institute explores the possibility of setting up small scale units to supply parts/components to large scale industries.

b. Training Facilities:

Training is provided to workers in basic trades in the workshops attached to this institute and its extension centres, to increase their productivity. This help to encourage development of small scale industries in rural areas. Training in various aspects of industrial and business management is also provided for the benefit of small industrialists.

The various management training courses are as follow:

(i) Management appreciation
(ii) Production, planning and management
(iii) Marketing including export marketing
(iv) Financial management and cost control
(v) Supervisory development
(vi) Work study.

A training course in small industries entrepreneurship and management to young engineers with emphasis on practical aspects of small industries management is conducted. This has been instrumental in creating a new class of qualified entrepreneurs.

A very important aspect of the management training courses is that the participants are taken to large and small industries and the actual management problems and their possible solutions are discussed. Some entrepreneurs are awarded fellowship for study abroad.

c. Common Facility Services:

Most of the SISIs in India have attached workshops, laboratories and libraries.

With the help of these workshops, SISIs perform following activities:

(i) To demonstrate use of modern technical processes on selected machines and equipments.

(ii) To assist in the testing of raw material and products of small-scale industries and assist in their inspection and quality control.

(iii) To provide common services and tool room facilities.

(iv) To carry out experiments and laboratory analysis on new and substitute raw materials and study the effects of design variables on performance, quality improvement and such other field problems as faced by small enterprises.

d. Marketing Assistance:

Economic information on the nature and extent of the market for specific products is collected and furnished to small industrialists at their request. The institute offers export promotion service by counselling on export procedures and trends in foreign markets.

Market survey for specific products of small enterprises is also undertaken on a regional basis to enable a small industrialist to increase the sales of his products in the region.

e. Arranging Finances for SSI:

Ordinarily, small-scale industries have difficulties in obtaining credit because they lack credit worthiness, but the SISI works as an advisory and co-ordinating agency with the financing institutions and reports to them on the marketability and quality of products of the prospective borrowers. The State Financial Corporations also consult the SISIs while granting loan to small units.

f. Export Promotion:

The State Trading Corporation (STC) is mainly responsible for export and import. It has a separate division for the promotion of export from the small-scale sector. The SISIs co-operate with it to determine suitable small units that could manufacture for export and they help them through training, inspection of products and other means.

g. Ancillary Development:

The Government of India has recognised that the development of large-scale and small scale industries should be as far as possible

complementary. Small manufacturers should specialize in production of complements rather than compete with large manufacturers.
The SISIs play a prominent role in bringing together the large-scale and small- scale industrialists. In each institute an officer is assigned exclusively to the development of ancillary units. Show-rooms exhibiting the components required by large-scale units are arranged by SISIs.

h. Promotion of Entrepreneurship:

The salient activities of SISIs in respect of the development of entrepreneurship include the organisation of training programmes for engineer entrepreneurs, unemployed graduates, diploma-holders, and science graduates.
One of the most important projects undertaken by the SISIs is the promotion of entrepreneurship through intensive campaign in underdeveloped areas.

i. General Services:

(i) To render advice on procuring machinery on hire-purchase basis from the National Small Industries Corporation.
(ii) To register units for schemes of the State Trading Corporation.
(iii) To enlist small-scale enterprises for participation in Government Stores Purchase Programme.
(iv)To represent the Government of India on various committees of State Government.

5. Small Industries Development Bank of India (SIDBI):

With a view of ensuring larger flow of financial and non-financial assistance to the small-scale sector, the Government of India set up the Small Industries Development Bank of India (SIDBI) under a special act of the Parliament in October 1989 as a wholly owned subsidiary of IDBI.
The bank commenced its operations from April 2, 1990 with its head office in Lucknow. The SIDBI has taken the outstanding portfolio of the IDBI relating to the small-scale sector worth over Rs. 4000 crores. The authorised capital of SIDBI is Rs. 250 crores with a provision to increase it to Rs. 1000 crores.

Functions of SIDBI:

The SIDBI was set up to function as the principal financial institution for the promotion, development and financing of industry in the small scale sector and for co-ordinating the functions of institutions engaged in similar activities. It has taken over the responsibility for administering Small Industries Development Fund and National Equity Fund which were earlier administered by the IDBI.

The SIDBI has outlined the following three areas as immediate thrust areas:

i. To initiate steps for technological upgradation and modernisation of existing units.

ii. To expand the channels for marketing the products of SSI sector in domestic and international markets.

iii. To promote employment oriented industries especially in semi-urban areas to create more employment opportunities and thereby checking migration of people to urban areas.

The SIDBI has outlined the following activities as its functions:

i. Refinancing of loans and advances extended by primary lending institutions such as State Financial Corporations (SFCs), State Industrial Development Corporations (SIDCs) or State Industrial and Investment Corporations (SIICs) and banks.

ii. Discounting and rediscounting of bills.

iii. Extension of seed capital or soft loan assistance under National Equity Fund, Seed Capital under Mahila Udayam Nidhi Scheme.

iv. Granting direct assistance and refinance for financing exports of SSI sector.

v. Extending financial support to State Small Industries Development Corporation (SSIDC).

vi. Extending financial support to National Small Industries Corporation (NSIC).

The SIDBI introduced two new schemes during 1992-93 which are as follow:

i. Equipment Finance Scheme for providing direct finance to existing well-running small-scale units taking up technology upgradation/modernisation and refinance for resettlement of voluntary retired workers of NTC.

ii. The other new scheme launched was Venture Capital Fund exclusively for small-scale units with an initial corpus of Rs. 10 crore. Its purpose was to extend venture capital support to new ventures promoted by technocrats and other entrepreneurs based on innovative, indigenous and other technologies.

6. National Bank for Agriculture and Rural Development (NABARD):

The National Bank for Agriculture and Rural Development (NABARD) was established in 1982 for providing credit for the promotion of agriculture, small-scale industries, cottage and village industries, handicrafts and other rural crafts and other allied economic activities in rural areas with a view to promote integrated rural development and secure prosperity of rural areas.

On its establishment, NABARD has taken over the entire undertaking of the Agricultural Refinance and Development Corporation and has taken over from the Reserve Bank its refinancing functions in relation to the State Co-operative Rural Banks. This Bank is now the co-ordinating agency in relation to the Central Government, Planning Commission, State Governments and institutions engaged in the development of small-scale industries, village and cottage industries, rural crafts etc. for giving effect to the various policies and programmes relating to rural credit.

The capital of the NABARD is Rs. 500 crores, subscribed by the Central Government and the Reserve Bank in equal proportions.

Management of NABARD:

In terms of the Act, the Board of Directors will consist of 15 members to be appointed by the Central Government in consultation with the Reserve Bank. Besides the chairman and the managing director, three directors from the Central Board of the Reserve Bank, three officials of the Central Government, two officials of the State Governments and five directors from experts in rural economics, rural development, handicrafts and village and cottage industries etc. and persons with experience in the working of co-operative banks and commercial banks.

Functions of NABARD:

i. NABARD provides short-term refinance assistance for periods not exceeding 18 months to state co-operative banks, regional rural banks and other financial institutions for a wide range of purposes including marketing and trading relating to rural economy.

These short term loans can be converted by the NABARD into medium term loans for periods not exceeding seven years under conditions of

drought, famine or other natural calamities, military operations or enemy action.
ii. NABARD can grant medium-terms loans to the State Co-operative Banks and Regional Rural Banks for periods extending from 18 months to 7 years for agriculture and rural development.
iii. NABARD is empowered to provide by way of refinance assistance long term loans extending up to maximum period of 25 years to the State Land Development Bank, Regional Rural Banks, Scheduled Commercial Banks, State Co-operative Banks or any other financial institution approved by the Reserve Bank for giving loans to artisans, small-scale industries, village and cottage industries etc.

7. National Small Industries Corporation (NSIC):

The National Small Industries Corporation (NSIC) was set up in 1955 with the objective of supplying machinery and equipment to small enterprises on a hire- purchase basis and assisting them in procuring Government orders for various items of stores. The supply of machines on hire-purchase is in a way an offer of funds, an offer of foreign exchange facilities, guidance on adopting modernised technology for improved methods of production and combination of all.

NSIC takes upon itself the entire purchase procedure, starting from locating competent suppliers to delivery of machines. In case of imported machines, NSIC obtains clearance from Director General to arrange foreign exchange, obtain import licence, opens the letter of credit and looks after the customs requirement and clearance of machines.

The Corporation's Head office is at Delhi and it has four regional offices at Delhi, Mumbai, Chennai and Kolkata and eleven branch offices. It has one central liaison office at Delhi and depots and sub-centres.

Functions of NSIC:

The NSIC has taken up the challenging task of promoting and developing small scale industries almost from scratch and has adopted an integrated approach to achieve the socio-economic objectives.

The followings are the main functions of NSIC:

i. To develop small scale units as ancillary units to large-scale industries.
ii. To provide machines to small scale industries on hire-purchase basis.
iii. To assist small enterprises to participate in stores purchase programme of the Central Government.

iv. To assist small industries with marketing facilities.
v. To distribute basic raw materials through their depots.
vi. To import and distribute components and parts to actual small scale users in specific industries.
vii. To construct industrial estates and establish and run prototype production cum-training centres.

8. Khadi and Village Industries Commission (KVIC):

Khadi and Village Industries Commission was established in 1953 with the primary objective of developing khadi and village industries and improving rural employment opportunities. Its wide range of activities include training of artisans, extension of assistance for procurement of raw materials, marketing of finished products and arrangement for manufacturing and distribution of improved tools, equipments and machinery to producers on concessional terms.

KVIC provides assistance to Khadi and Village Industries which require low capital investment and ideally suited for manufacturing utility goods by using locally available resources. There are many specified village industries such as processing of cereals and pulses, leather, matches, gur and khandsari, non-edible oils and soaps, bee-keeping, village pottery, carpentry and blacksmithy etc.

KVIC's policies and programmes are executed through State Khadi and Village Industries Boards registered under the Societies Registration Act, 1960 and Industrial Cooperative Societies registered under State Cooperative Societies Act. Activities involving pioneering type of work such as developing new industries in hilly, backward and inaccessible areas are undertaken by KVIC directly.

Directorates of Industries of the State Governments:

SSI is a state subject and, therefore, the development and implementation of the schemes of assistance to SSIs is the primary responsibility of the State Government. Directorate of Industries in each state do the work relating to the development of industries in general and small scale industries in particular.

Each directorate is staffed with administrative and technical officers at state headquarters. At district level, there are DICs (District Industries Centre) to look after the various industrial activities at district levels. The State

Directorates run various training schemes, production schemes and common facilities schemes.

They also provide facilities of developed industrial land and factory sheds in industrial estates, allocate quotas of scarce raw materials, certify import requirements and organise industrial cooperatives. Their functions are varied and have grown with the development and diversification of the small scale sector.

Industrial Estates:

Developing countries require institutional arrangements for their rapid industrialisation and balanced growth. One such institutional measure is industrial estate. The term 'industrial estate' is called by different names e.g., industrial park, industrial zone, industrial region, industrial city, industrial area, industrial township etc.

An industrial estate is a tract of land sub-divided and developed according to a comprehensive plan for the use of a community of industrial enterprises. It is a planned clustering of industrial units offering standard factory buildings and a variety of services and facilities to entrepreneurs.

The main features of an industrial estate are as follow:

i. It is a tract of land subdivided and developed into factory plots and sheds.

ii. It provides several common facilities or infrastructural amenities such as water, power, transport, tool room, training, bank, post office, repairs and maintenance etc. to the occupants.

iii. It is a planned clustering of industrial units.

iv. It is designed as a tool of industrialisation and balanced regional development.

v. It may be developed in urban, semi-urban or rural areas.

vi. It may be set up by the Government or by co-operatives or by private agencies.

An industrial estate serves as a multipurpose arrangement for the growth of entrepreneurship. By providing the necessary facilities and services at a single place, it provides a congenial climate for the growth of small scale industries.

Due to use of common facilities, there is low investment and saving in time and effort. These industries get better transportation facilities, availability of trained labour, regular supply of power and water, easy access to testing and repair facilities, availability of raw materials etc. It encourages the development of new enterprises.

IMPORTANCE OF INTRAPRENEUR IN AN ORGANIZATION

An efficient employee in an organization is always muddling up with his or her position. If I didn't get a proper hike I would leave the organization and start my own firm, the boss is so fuzzy and intolerant, I can do this work better than him, are their words. So the conclusion is either the employee turns to an entrepreneur or becoming an intrapreneur.

An intrapreneur is the one who takes the responsibility for creating innovations and implementing them within an organization. He or she may be the inventor or creator but is always the dreamer to convert ideas into profitable reality. The ability of being an innovator who does not elaborate on the problems but solving and defining a perfect solution to it. The employee who puts the ideas and plans into actions, a process by which many new ventures are born within an existing organization.

The term **'intrapreneur'** was first coined in 1978 by **Gifford Pinchot III with his wife Elizabeth S. Pinchot** in a paper called Intra-Corporate Entrepreneurship. In the paper he framed few principles an employee should have to exhibit his or her intrapreneurial characteristics in the organization.
He further wrote the books like the **Intrapreneuring: Why You Don't Have to Leave the Corporation to Become an Entrepreneur (Harper & Row, 1985) The Intelligent Organization (Berrett Koehler, 1994)** and **Intrapreneuring in Action - A Handbook for Business Innovation (Berrett Koehler, 1999)** elaborating the discussions in management.

Difference between Entrepreneurship and Intrapreneurship

Entrepreneurship vs. Intrapreneurship : Leadership

The leadership qualities differentiate for both. For an entrepreneur, he or she has to be the leader of the project as well as the team, being solely responsible for getting things done. Intrapreneur on the other side is only a team leader , focusing on a single set of responsibilities.

Entrepreneurship vs. Intrapreneurship : Motivation

The motivation for both the positions can come from any source. Without motivation and ambition the path of turning a project to a successful venture would be difficult. For an entrepreneur what drives the most is money, prestige and accomplishing a goal or a long term dream. An intrapreneur would want financial stability and prominence, with the motto of learning,earning and yearning.

Entrepreneurship vs. Intrapreneurship: Degree of Risk

Although both entrepreneur and intrapreneur face risk,but the degree isn't the same. Entrepreneur is an independent business man or woman who bears full risk of business. Whereas intrapreneur being an employee in a large organization is semi dependent so faces less risk.

Entrepreneurship vs. Intrapreneurship : Capital raising

Entrepreneur is personally responsible for raising necessary capital for his or her ventures and guarantees the return. An intrapreneur does not have to raise funds for the enterprise, all the resources are provided by the entrepreneur/employer.

Virgin could never have grown into the group of more than 200 companies it is now, were it not for a steady stream of intrapreneurs who looked for and developed opportunities, often leading efforts that went against the grain.
Richard Branson

The competencies shown by an intrapreneur are creativity, leadership, perseverance, collaboration, planning and being a change agent.

The Importance of Intrapreneurship in an organization are:

1. Ideas identification : The first task of an intrapreneur is to clearly identify the idea. Whether it is user friendly, market adaptable and compatible with the set goals and strategies.
2. Idea presentation: The intrapreneur clearly presents the idea to other members of organization and takes their feedback and suggestions for improvement.
3. Ideas implementation: To implement the discussed proposals ,the intrapreneur forms a team which puts the idea in action and makes the idea as an enterprise.

4. Strategy and Planning: Effective intrapreneurial strategies always help the entrepreneur/organization to win over their competitors and grab every opportunity they can.
5. Expansion of the enterprise: The ultimate goal of Intrapreneurship is to create that kind of entrepreneurial mindset and infrastructure which are needed to support growth in an organization.
6. Leadership: Last but the utmost task of an intrapreneur is to be the leader and drive other employees within his team and then the organization for sustainability.

Intrapreneurship helps organizations generate new business growth. As they grow, the organization grows. An employee needs that kind of organizational climate which nurtures innovations and facilitates the transformation of dreams into reality. Implementing the start-up practices within a large organization, producing valued innovation and suggesting change with caution. Recognizing the leadership capabilities and supporting intrapreneurs is the biggest challenge for companies today.

For an employer, an intrapreneur is an asset, that adds value to its organization.
So **START INTRAPRENEURING!**