

## ENTREPRENEURIAL DEVELOPMENT AGENCIES

*Dr. S.Geetha*

*Assistant Professor*

*Department of Business Administration*

*STET Women's College, (Autonomous), Mannargudi*

### INTRODUCTION

Entrepreneurial Development Agencies (EDAs) are specialized institutions established to foster entrepreneurship, support small and medium enterprises (SMEs), and promote economic growth. These agencies act as catalysts by providing essential resources such as training, financial support, mentorship, and market access to aspiring entrepreneurs and established business owners. They play a critical role in addressing barriers to entrepreneurship, such as lack of access to capital, inadequate business skills, and limited market opportunities.

### COMMERCIAL BANKS

It plays an important role in the growth and development of economy in general and enterprise sector in particular. Commercial Bank in India comprises the State Bank of India (SBI) and its subsidiaries, nationalized Banks, foreign banks and other scheduled commercial banks, regional rural banks and non-scheduled commercial banks. The period for which loan is granted varies from 7 to 10 years. These loans are repayable in half yearly or yearly installments. Most commercial banks have got specialized units in their administrative structure to take care of the financial needs of the small scale industrial units. The fixed capital needs or the long and medium term needs of the small scale industrial units are presently being taken care by the banks under their integrated scheme of credit for the small entrepreneurs. The rate of interest charged normally from the small scale industrial units is between 12% and 15% against 18% from the large scale units.

### BRIDGE CAPITAL/FINANCE

Bridge capital is the advance given to cover the finance requirement during the time lag between the sanctioning and disbursement of term loan by financial institutions. It is an assistance given for a short period to help borrower for overcoming the delay in disbursement of a sanctioned term loan or in getting the proceeds of a public issue. It is provided by commercial banks.

### MICRO, SMALL AND MEDIUM ENTERPRISES

Small businesses are playing an important role in the industrial economy of the world. These are particularly important in the developing economies. Small business is predominant even in developed countries such as USA, Japan etc.

### THE MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) DEVELOPMENT ACT, 2006

Under this act, the central Government shall set up, for the purpose of the act, a Board known as the National Board for Micro, Small and Medium Enterprises.

### CLASSIFICATION OF ENTERPRISES (NEW DEFINITIONS)

#### **In Case of Manufacturing Enterprise:**

A *micro enterprise* is one in which the investment in plant and machinery does not exceed Rs.25 Lakhs.

A **small enterprise** one in which the investment in plant and machinery is more than Rs.25 Lakhs but does not exceed Rs. 5 crore.

A **medium enterprise** is one in which the investment in plant and machinery is more than Rs. 5 crore but does not exceed Rs. 10 crore.

#### **of Service Enterprise:**

A micro enterprise is one in which the investment in plant and machinery does not exceed Rs. 10 lakhs.

A small enterprise one in which the investment in plant and machinery is more than Rs.10 lakhs but does not exceed Rs. 2 crore.

A medium enterprise is which the investment in plant and machinery is more than Rs. 2 crore but does not exceed Rs. 5 crore.

#### **ANCILLARY UNITS**

These units provide inputs to other industries. These are engaged in the manufacture of parts, components, light engineering products like cycles, sewing machines diesels engines, machine tools, electrical application. The investment in plant and machinery should not exceed Rs. 5 crore.

#### **EXPORT ORIENTED UNIT**

Export oriented units are those SSI units which export at least 30% of its annual production by the end of the 3th year of commencement of production.

#### **OBJECTIVES OF MSMEs**

The primary objectives of MSME are to play a complementary role in the socio-economic set up of a country. The other objectives are as follows:

To provide increased employment opportunities.

To provide production of large variety of goods especially consumer goods through about intensive methods.

To bring backward areas too in the mainstream of national development.

To improve the level of living of people in the country.

To create a climate for the development of self-employed experts, professionals and small entrepreneurs.

To ensure more equitable distribution of national income.

To ensure balanced regional development as regards industries.

To encourage the adoption of modern techniques in the unorganized traditional sector or the industry.

#### **STEPS FOR STARTING SSIs/MSMEs**

As soon as a person decides to become an entrepreneur and to start a MSME, he is required to take a number of steps and formalities one after the other. They are as follows: **Scanning of Business Environment:** it is essential on the part of the entrepreneur to study and understand the prevailing business environment. Entrepreneur should scan the business opportunities and threats in the new environment. To study the administrative framework, procedure, rules and regulations and other formalities implemented by the government. The potential entrepreneur must assess his own deficiencies, which he can compensate through training.

**Selection of the Product:** The very success of one's venture will depend on the rationality of his decision in this regard. The economic viability of the product can be ascertained by

considering certain demand aspects such as volume of demand in the domestic market, volume of demand in the export market, volume of potential demand, a degree of substitution of an existing product etc. The prospective entrepreneur has to identify the product based on market research or market survey.

**Selection of Form of Ownership:** He has to select sole proprietorship or family ownership or partnership or private limited company as the form of the ownership.

**Selection of Location and Site:** Location is selected after considering certain factors such as nearness to market, sources of material and labour, modern infrastructure facilities etc. The entrepreneur has to choose a suitable plot for the factory.

**Designing Capital Structure:** Apart from the own capital, he may secure finance from friends and relatives, term loans from banks and financial institutions.

**Acquiring Manufacturing Know-How or Technology:** Many institutions of government, research laboratories, research and development divisions of big industries and certain consultancy agencies provide the manufacturing know-how.

**Preparation of Project Report:** The report usually covers important items like sources of finance, availability of machinery and technical know-how, sources of raw material and labour, market potential and overall profitability.

**Registration as a Small Scale Industry:** Registration with Department of industries and Commerce is only optional. There is no statutory obligation, but small scale industries can avail various facilities, incentives and concessions offered by the state as well as central government only if they registered as SSI. The registration would be done in two stages.

**Provisional Registration:** It will be valid for one year with possible three extensions of six months each. It helps entrepreneur to take necessary steps to bring the units into existence. The provisional registration may enable the party to:

Apply to NSIC/SIDO and other institutions for procuring machines on H.P basis.

Apply for power connection.

Apply to local Bodies for permission to construct the shed to establish a unit.

Apply for financial assistance to SFC/Banks or other financial institutions on the basis of project report.

Obtain sales tax, excise registration etc whenever required.

Apply for a shed in an industrial estate/ development site in an industrial area/ material for construction of shed as the case may be.

**Obtaining Statutory Licence:** Any person should obtain the following licenses and certificates before starting the venture:

**License from Local Bodies For**

**PRIME MINISTER'S ROZGAR YOJNA (PMRY):**

It was launched on 2nd October 1993, with the objective of creating one million jobs in 5 years by giving loans for the creation of tiny and micro enterprise.

**INDUSTRIAL ESTATES**

It is defined as a method of "Organizing, 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." In short, industrial estate is place where the required facilities and factory accommodation are provided by the government to the entrepreneurs to establish their industries there. The first and foremost industrial estate was established at Rajkot in Gujarat in 1955.

## **FEATURES OF INDUSTRIAL ESTATES**

The following are the important features of industrial estates:

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

It is a planned clustering of industrial units.

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

It may be large, medium or small.

It may be set up by the Government, or by co-operatives or even by private agencies. It provides several common infrastructural facilities such as water, power, roads, training, banks, repairs and maintenance etc.

## **INCENTIVES AND SUBSIDIES**

In India Entrepreneurs are offered a number of incentives because they fulfill two main objectives of economic development. Firstly, they facilitate decentralization of industries. They assist in the dispersal of industries over the entire geographical area of the country. Secondly, they facilitate the transformation of a traditional technique into modern technique characterized by improved skills, high production and higher standard of living.

### **INCENTIVES**

It is the financial and promotional assistance provided by the government to the industries for boosting up industrial development in all regions particularly in backward areas. Incentives include concession, subsidies and bounties. '*Subsidy*' denotes a single lumpsum which is given by a government to an entrepreneur to cover the cost. It is granted to an industry which is considered essential in the national interest. The term *Bounty* denotes bonus or financial aid which is given by a government to an industry to help it compete with other units in home market or in a foreign market. Bounty offers benefits on a particular industry; while a subsidy is given in the interest of the nation. The object of incentives is to motivate an entrepreneur to start new ventures in the larger interest of the nation and the society.

### **SMALL INDUSTRIAL DEVELOPMENT ORGANISATION (SIDO)**

The SIDO was formed under the Ministry of Industry. It is a policy making, co-ordination and monitoring agency for the development of small scale industries. It maintains a close liaison with the government, financial institutions and other agencies which are involved in the promotion and development of small scale units. It provides a comprehensive range of consultancy services and technical, managerial, economic and marketing assistance to the small scale units. It has launched various technology support programmes for the benefit of small scale industries in the country through a number of steps. The steps include establishment of (a) process-cum-product development centers, (b) tool rooms and training centers. (c) Specialized institutes and (d) regional testing centers with its field testing stations

### **NATIONAL SMALL INDUSTRIES CORPORATION (NSIC)**

It was set up in 1995 to provide machinery to small scale units on hire purchase basis and to assist these units in obtaining orders from government departments and offices. Its head office is at Delhi. It has four regional offices at Delhi, Mumbai, Chennai and Calcutta. It has eleven branches offices also.

## **NATIONAL ALLIANCE OF YOUNG ENTREPRENEURS (NAYE)**

It is a national level apex organization of young entrepreneurs. It assists in promoting new enterprises through first generation entrepreneurs. NAYE sponsored an Entrepreneur Development Scheme with Bank of India in August 1972 on pilot basis. The scheme is known as BINEDS. It is operative in the states of Punjab, Rajasthan, Himachal Pradesh and Union Territories of Chandigarh and Delhi. NAYE has entered into similar arrangement with Dena Bank, Central Bank of India and Union Bank of India. NAYE strives hard for upliftment of young entrepreneurs especially women. It holds workshops, conferences, training programmes etc. to create awareness in entrepreneurs.

## **SMALL INDUSTRIES SERVICE INSTITUTES (SISIs)**

Small Industries Service Institutes have been established in each state in 1956 as agencies of SIDO. The objective is to develop small scale industries. The functions performed may be summarized as follows:

It promotes entrepreneurship and development of SSIs in rural and other underdeveloped areas.

It supplies market information in selected cases and undertakes market distribution surveys for industrial enterprises.

It conducts various programmes for workers in other organizations as well as in small industry uncertain trades.

It assesses the capacities of small units for imported/controlled materials.

It provides technical guidance on the efficient use of wastages and scraps.

It prepares designs and drawing for production equipment and accessories.

It ensures that small industry development in India is being done in right lines.

It provides workshop common facilities to industrialists at reasonable charges.

It conducts detailed plant studies to locate production and other problems. It initiates and coordinates modernization of selected industries.

The institute assists in rehabilitation of sick units.

It helps to develop ancillary industries. It registers SSI units with NSIC to supply their products to government.

The institute conducts modernization studies for technology up gradation.

It undertakes quality control, energy conservation and pollution control, specialized training programmes on export marketing.

The institutes also conduct surveys and studies for identification of industries having scope of promotion and development.

It advises the Govt. of India and state government on policy matters relating to small industry development

## **KHADI AND VILLAGE INDUSTRIES COMMISSION**

KVIC makes finance available to the implementing agencies in the form of capital expenditure loans. It also extends assistance for setting up of retail sales outlets and also for strengthening of the capital base of the registered institutions and cooperatives. It also assists individual artisans besides formulating liberal pattern of assistance for identified hill, border and weaker sections. The loans for Khadi are interest free, while those for village industries have an interest at the rate of 4% per annum.

**FUNCTIONS OF KVIC**

To train the artisans.

To assist village industries in procuring raw materials.

To assist and support through marketing of finished products of village industries.

To provide equipment and machinery to producers on concessional terms.

To undertake R and D programmes for improved implements for silk reeling, more efficient extraction of oil in power grains, manufacture of panel boards from banana stems and improved 'charka' and looms.

The main thrust of KVIC is to alleviate rural poverty and to make the village artisan more productive through improved technology and market support.

**SCIENCE AND TECHNOLOGY ENTREPRENEUR PARKS (STEP)**

STEP is an area where applied research on high tech projects is conducted with the Collaboration of multinational companies, universities, technological and research institutes. In 1972 a conventional 'Techno Park' was set up by the Birla Institute of Scientific Research.

**SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)**

SIDBI was set up on April 2, 1990 as a wholly owned subsidiary of IDBI. It is operating through its Head Office at Lucknow and a network of 5 Regional Offices and 25 Branch Offices in all the states. It is an apex institution for promotion, financing and development of industries in small scale sector and co-ordination of functions of other institutions engaged in similar activities.

**FUNCTIONS OF SIDBI**

Taking steps for technological up gradation and modernization of existing units.

Providing services like factoring, leasing etc. to industrial concerns in the small scale sector.

Extending financial support to National Small Industries Corporation for providing leasing hire purchase and marketing support to SSI units.

Expanding the channels for marketing the products of SSI sector in domestic and international markets.

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

Refinancing of loans and advances extended by the primary lending institutions to industrial concerns in the small scale sector and also providing resource support to them. It also offers bills discounting and rediscounting facilities. It also has a few schemes of direct assistance.

**THE NATIONAL INSTITUTE FOR ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT (NIESBUD)**

It is an apex body established in 1983 by the ministry of Industries, Government of India, for coordinating, training and overseeing the activities of various institutions/agencies engaged in entrepreneurship development, particularly in the area of small industry and small business. The Institute which is registered as a society under Government of India Societies Act started functioning from 6th July, 1983. The policy, direction and guidance to the institute is provided by its governing council whose chairman is the minister of SSI. It has an executive committee.

### **OBJECTIVES OF NIESBUD**

The objectives of the institute include the following:

To evolve standardized materials and processes for selection, training, support and sustenance of entrepreneurs, potential and existing.

To share internationally, its experience and expertise in entrepreneurship development.

To train the trainers, promoters and consultants in various areas of entrepreneurship development.

To provide national/international forums for the interaction and exchange of experiences helpful for policy formulation and modification at various levels.

To provide vital information and support to trainers, promoters and entrepreneurs by organizing research and documentation relevant to entrepreneurship development.

### **FUNCTIONS OF NIESBUD**

Evolving effective training strategies and methodology.

Standardizing model syllabi for training various target groups.

Formulating scientific selection procedures.

Developing training aids, manuals and tools.

Facilitating and supporting central/state/other agencies in organizing entrepreneurship development programmes.

Conducting training programmes for promoters, trainers and entrepreneurs.

### **RESPONSIBILITIES**

It undertakes construction of industrial sheds and development of infrastructure.

It implements sick unit's rehabilitation programmes jointly with IRBI.

It provides technical consultancy services.

It allots sheds/industrial plots in industrial estates.

It assists in selecting and procuring machinery.

It supplies scarce and imported raw material for the benefit of SSI through sales depots in all districts.

The corporation provides marketing assistance to SSI units.

The above responsibilities of the corporation are handled by the following 12 divisions: (1) Research and development Division. (2) Industrial Estate and Infrastructure Divisions. (3) Production Division. (4) Raw Material Division. (5) Machinery Division. (6) Finance Division.

(7) Technical Consultancy Division. (8) Entrepreneur Development Division. (9) Imports and Exports Division. (10) Marketing Division. (11) Sick Unit Rehabilitation Division.

(12) Information and Publicity Division.

### **STATE INDUSTRIAL DEVELOPMENT CORPORATION (SIDCO)**

It was registered as a Limited Company on 21st July 1961 with the objective of organizing, stimulating and assisting industrial development IN Tamilnadu

### **FUNCTIONS**

It functions not only as a financing body but also as a promotional institution to help intending industrial entrepreneurs.

**Financial Assistance:** (1) Direct participation in equity or preference capital or debentures. (2) Underwriting of equity or preference capital or debentures. (3) Granting of medium and long term loans. (4) Furnishing of guarantees.

**Promotional Assistance:** (1) It helps in project identification. (2) It helps to submit applications for letters of intent/industrial licenses and obtaining the same. (3) Arranging technical collaboration.(4) Negotiating with financial institutions for securing their assistance.(5) It helps the units to obtain land, arranging utilities like power, water etc.(6) Participating in project management.(7) Entering into joint promotional arrangement with private parties in order to carry through the above range of activities on joint basis. **Other Functions:** (1) Management of sick units. (2) Assistance to state sector projects. (3) Assisting or advising government on industrial matters (4) Development of mineral sources.

The corporation has also added **new dimensions** to the sphere of its activities so as to cover: IDBI Re-finance schemes.

Seed Capital Assistance.

TN's new package of Assistance.

Entrepreneurial Assistance.

### **TAMILNADU INDUSTRIAL INVESTMENT CORPORATION (TIIC)**

It provides financial assistance for starting of new industrial units, expansion, diversification or Modernization of existing units...

#### **FUNCTIONS**

To grant long term loans to new and existing SSI units. Maximum amount of loan is Rs 60 lakhs subject to the condition that the project cost does not exceed Rs.3 crore.

Underwriting of shares and debentures floated in the open market.

Guaranteeing deferred payments to machinery suppliers for indigenous machinery purchased by borrowers in State

Guaranteeing the loans raised by the industrial concerns in public market or from scheduled banks or state Co-operative Banks.

#### **FUNCTIONS OF STATE INDUSTRIAL DEVELOPMENT CORPORATION**

The functions of it are as follows:

To act as single point contact for clearance required from different agencies or departments.

To procure land on behalf of medium and large scale industries outside the industrial estates or industrial development areas by purchase, lease or exchange from any person. To upgrade the facilities to the existing industrial estates or industrial areas transferred to the corporation.

To allot the developed plots or shed to entrepreneurs on terms and conditions as may be determined by the corporation.

To co-ordinate with other government departments or agencies to ensure provision of good quality infrastructure facilities, within the shortest possible time.

To establish, maintain, develop and manage industrial estates at places selected by the Government.

To promote and assist in the rapid and orderly establishment, growth and development of industries in the state.

To develop industrial areas selected by the Government for the purpose for which it was selected and make them available for the undertakings to establish themselves. Such other functions as are necessary in furtherance of the objects of the corporation.

## Conclusion

Entrepreneurial development schemes are essential for fostering innovation, reducing unemployment, and driving economic growth. By addressing implementation challenges and leveraging emerging trends, these schemes can create a sustainable ecosystem for entrepreneurs. Collaboration among stakeholders, including governments, private entities, and international organizations, will be crucial to their success.

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