302-ENTREPRENEURSHIP

1. What is meant by entrepreneurship? Explain its importance, characteristics and classification of entrepreneurship?

Entrepreneurship is the art of starting a business, basically a startup company offering creative product, process or service. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance. **Definition**
"Entrepreneurship is any kind of innovative function that could have a bearing on the welfare of an entrepreneur."- **Joseph A. Schumpeter (1934).**

Importance of Entrepreneurship

- Creation of Employment
- Innovation
- Impact on Society and Community Development
- Increase Standard of Living
- Supports research and development

Characteristics of Entrepreneurship:

- Ability to take a risk
- Innovation
- Visionary and Leadership quality
- Open-Minded
- Flexible
- Know your Product
- **Classifications of Entrepreneurship:**
- **Small Business Entrepreneurship-** These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.
- **Scalable Startup Entrepreneurship-**
  This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.
- **Large Company Entrepreneurship-** These huge companies have defined lifecycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.
- **Social Entrepreneurship-**
  This type of entrepreneurship focuses on producing product and services that resolve social needs and problems. Their only motto and goal is to work for society and not make any profits.

2. Explain the problems faced by the entrepreneurs?

Here are the 10 common problems and challenges that every entrepreneur faces while starting their business as mentioned below:-

1. **Financing**
2. **Lack of Planning**
3. **Hiring the right talent**
4. **Effective marketing within a limited budget**
5. **Self-doubt and uncertainty**

6. **Dealing with criticism**
7. **Attractive Customers**
8. **Making Decisions**
9. **Time Management**
10. **Office Infrastructure**

1. Financing

Getting funds for your business is one of the main issues that all businesses face and have to tackle to survive. While you might have saved initial money to start a business, it won‟t help you survive for long. Steady cash flow is crucial for businesses to endure, and you always need to have extra funds to take care of rainy days.

2. Lack of Planning

It‟s impressive the number of start-ups fails since they "failed to remember" to do the planning. Or perhaps they did strategize, yet they did not cover all the bases. Key locations like sales, development, and funding aren‟t afterthoughts.
They need to all belong to your business plan right from the start.

3. Hiring the right talent

Particular abilities are important not just for your business to endure but for the expansion. Recognizing the specific abilities you require– as .well as exactly how to obtain those crucial individuals aboard– could be the identifying consider just how well your start-up grows. Holdups in discovering the best employees are expensive.

4. Effective marketing within a limited budget

Some start-ups assume they can ignore marketing strategies entirely and hope that word of mouth will be sufficient. Being a start-up, it‟s essential to create visibility among your consumers. Effective marketing techniques within a limited budget should be made to reach your target audiences.

5. Self-doubt and uncertainty

For first-time entrepreneurs, dealing with the uncertainties of the venture can be a tough task. The entrepreneurs can often feel ultimately responsible for the success or failure of their venture. There are also many detours and deviations from the initial plan. All of this can take a toll on the entrepreneur.

6. Dealing with criticism

When you are an entrepreneur, criticism comes as a part and parcel of the job. Every decision of the entrepreneur can be met with criticism by the team, partners, investors, customers, and even their family. Even established entrepreneurs such as Ratan Tata must deal with this.

7. Attractive Customers

Getting customers for your product or service can be the difference between success and failure for a business. Many businesses have started with powerful ideas however could not survive simply because they failed to reach the right customers. There are several ways of reaching the right customers, however social media and SEO have proven to be useful tools for most. The entrepreneur should invest time in understanding the customer expectations and if needed leverage their network to reach the customers.

8. Making Decisions

Decision-making in a business situation can be daunting, especially when there are so many things riding on each decision. Entrepreneurs can face a dilemma while making a decision, especially when they have limited information. Entrepreneurs must also guard themselves against getting overly involved in decision-making and causing a delay which may delay the progress.

9. Time Management

Even the best entrepreneurs struggle to manage their time properly. As they take up roles out of their expertise, they can find it challenging to get things done. The challenges often pop up when the entrepreneurs have to deal with conflicting priorities and must let go of their perfectionist streak to move the business process along.

10. Office Infrastructure

Your workplace rent and associated costs are the first things that you should look at when you start thinking of cutting costs, especially when starting a new business.

3. What is meant by women entrepreneurship? Explain the challenges faced by the women entrepreneurs?

Women entrepreneurs may be defined as a woman or a group of women who initiate, organise and run a business concern. Women entrepreneurs are those women who think of a business enterprise, initiate it, organise and combine factors of production, operate the enterprise and undertake risks and handle economic uncertainty involved in running it.

Definition:

Government of India – "A woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women."

<u>Challenges in the path of Women Entrepreneurs:</u>

Basic problem of a woman entrepreneur is that she is a woman. Women entrepreneurs face two sets of problems specific to women entrepreneurs. These are summarized as follows.

- **Shortage of Finance**: Women and small entrepreneurs always suffer from inadequate fixed and working capital. Owing to lack of confidence in women‟s ability, male members in the family do not like to risk their capital in ventures run by women. Banks have also taken negative attitude while lending to women entrepreneurs. Thus women entrepreneurs rely often on personal saving and loans from family and friends.
- **Shortage of Raw Material**: Women entrepreneurs find it difficult to procure material and other necessary inputs. The prices of many raw materials are quite high.
- **Inadequate Marketing Facilities**: Most of the women entrepreneurs depend on intermediaries for marketing their products. It is very difficult for the women entrepreneurs to explore the market and to make their product popular. For women, market is a „chakravyuh‟.
- **Keen Competition**: Women entrepreneurs face tough competition from male entrepreneurs and also from organized industries. They cannot afford to spend large sums of advertisement.
- **High Cost of Production**: High prices of material, low productivity. Under utilisation of capacity etc. account for high cost of production. The government assistance and subsidies would not be sufficient for the survival.
- **Family Responsibilities**: Management of family may be more complicated than the management of the business. Hence she cannot put her full involvement in the business . Occupational backgrounds of the family and education level of husband has a direct impact on the development of women entrepreneurship.
- **Low Mobility**: One of the biggest handicaps for women entrepreneur is her inability to travel from one place to another for business purposes. A single women asking for room is looked upon with suspicion. Sometimes licensing authorities, labour officials and sales tax officials may harass them.
- **Lack of Education**: About 60% of women are still illiterate in India. There exists a belief that investing in woman‟s education is a liability, not an asset. Lack of knowledge and experience creates further problems in the setting up and operation of business.
- **Low Capacity to Bear Risks**: Women lead a protected life dominated by the family members. She is not economically independent. She may not have confidence to bear the risk alone. If she cannot bear risks, she can never be an entrepreneur.
- **Social Attitudes:** Women do not get equal treatment in a male-dominated society. Wherever she goes, she faces discrimination. The male ego stands in the way of success of women entrepreneurs. Thus, the rigid social attitudes prevent a woman from becoming a successful entrepreneur.
- **Low Need for Achievement:** Generally, a woman will not have strong need for achievement. Every women suffers from the painful feeling that she is forced to depend on others in her life. Her preconceived notions about her role in life inhibit achievement and independence.

- **Lack of Training**: A women entrepreneur from middle class starts her first entrepreneurial venture in her late thirties or early forties due to her commitments towards children. Her biggest problem is the lack of sufficient business training.
- **Lack of Information:** Women entrepreneurs sometimes are not aware of technological developments and other information on subsidies and concessions available to them. They may not know how to get loans, industrial estates, raw materials, etc.

4. What is meant by Feasibility Study? Explain the setting up of small business enterprise?

a feasibility analysis is designed to assess whether your entrepreneurial endeavor is, in fact, feasible or possible. By evaluating your management team, assessing the market for your concept, estimating financial viability, and identifying potential pitfalls, you can make an informed choice about the achievability of your entrepreneurial endeavor. A feasibility analysis is largely numbers driven and can be far more in depth than a business plan. It ultimately tests the viability of an idea, a project, or a new business. A feasibility study may become the basis for the business plan, which outlines the action steps necessary to take a proposal from ideation to realization.

Organizational Feasibility Analysis

Organizational feasibility aims to assess the prowess of management and sufficiency of resources to bring a product or idea to market. The company should evaluate the ability of its management team on areas of interest and execution. Typical measures of management prowess include assessing the founders‟ passion for the business idea along with industry expertise, educational background, and professional

experience. Founders should be honest in their selfassessment of ranking these areas.

Financial Feasibility Analysis

A financial analysis seeks to project revenue and expenses (forecasts come later in the full business plan); project a financial narrative; and estimate project costs, valuations, and cash flow projections.

Market Feasibility Analysis

A market analysis enables you to define competitors and quantify target customers and/or users in the market within your chosen industry by analyzing the overall interest in the product or service within the industry by its target market. You can define a market in terms of size, structure, growth prospects, trends, and sales potential.

<u>Setting Up of Small Business Enterprises</u> Who do establish small business enterprises? Broadly, there are two types of people who establish small enterprises. One people who want to take the advantages of opportunities available. Two, people who have no option for making a livelihood. These two types of entrepreneurs are also termed as „entrepreneurs by choice‟ and „entrepreneurs by compulsions‟ respectively. Starting an enterprise is not so simple and cannot be set up just. In fact, there are several steps involved in setting up a small business enterprise.

Following are the major ones:

(i) Information Collection
(ii) Information Organization
(iii) Acquiring Required/Vocational Skills
(iv) Financial Requirements
(v) Market Assessment
(vi) Provision for Crisis

5. What is meant by financial statements? How to prepare projected financial statements? It's important for the small business owner to understand these four types of financial statements and the

information they provide for the investor or creditor interested in providing funds for your business.
Both individually and taken together, these financial statements give a potential investor or creditor a wealth of information and can have a serious impact on your business's ability to obtain the funds or financing it needs.

Contents

1. Balance Sheet

Also known as a statement of financial position or a statement of net worth, the balance sheet is one of the four important financial statements every business needs.
Based on the basic accounting equation, or balance sheet equation [Assets = Liabilities + Equity], the balance sheet provides a snapshot of a business's assets, liabilities, and equity.

2. Income Statement

The income statement is another important financial statement for your small business. It provides users with a picture of the business's financial performance over a specific period of time.

3. Cash Flow Statement

The cash flow statement, also known as a statement of cash flows, or a statement of changes in financial position, is an important financial statement that gives users an understanding of how well a business is managing its cash flow.

4. Statement of Owner's Equity

The fourth financial statement that a business needs is a statement of owner's equity, also known as a statement of changes in equity, or a statement of shareholders' equity.

<u>Preparation of Projected Financial Statements</u>

The following steps will help prepare the projected balance sheet:

Step 1: Calculate cash in hand and cash at the bank

If you have no booking record of your cash, you can show cash in hand after checking your cash balance in the business‟s pocket. You can check also the available balance at the bank. Both will be your current assets on the balance sheet.

Step 2: Calculate Fixed Assets

See everything around you. Make the list of assets whose benefits are you taking more than one year. Check its price from cash memo or past bills. Try to calculate the time of its use. If you have used it for 3 years. Its value will surely decrease due to depreciation. Charge 10% to 20% per year on every fixed asset up to the used period with any method of depreciation. Now, you will get the current cost of the fixed asset. Show it on the asset side of the balance sheet.

Step 3: Calculate Value of Financial Instruments

If you invested your money in shares, bonds, and other financial instruments. Write its purchase price. If it has decreased, then you can also show the current market price of financial instruments.

Step 4: Calculate your Business Earning If you have not made a profit and loss account. You can compare your expenses and your incomes. If your incomes are more than your expenses, it will be your net profit. That will be transferred to the liability side of the balance sheet. You should only deduct expenses whose benefits, you have obtained in one year.

Step 5: Calculate Business's Liabilities

In these liabilities, you can add bank loans, secured loans, and other loans. That will be added to the liability side of the projected balance sheet. **Step 6: Calculate Business's Capital**

Business‟s capital, you can calculate by subtracting outside liabilities from total assets. That will also add to the balance sheet on the liabilities side.

6. Explain Market Consideration? What are market strategy and pricing strategy for marketing?

The term market refers to the place where buying and selling take place, and the term marketing refers to all the activities for taking goods from the place of production to the place of consumption. All the activities of marketing takes place around the consumers.

It links the producers and the consumers together for their mutual benefits. Since marketing includes satisfying consumer needs, it is also a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products or services and values with others.

Considerations of Marketing:

1. The seller identifies customer needs.
2. Products are discovered to satisfy these needs.
3. Products are designed to satisfy customer needs.
4. The seller estimates a price that the customer would be ready to pay.
5. Customers are located by sellers to reach the product.

The financial success of any business greatly depends on its marketing ability. A business functions only when there is a sufficient demand for products. Thus, marketing is a core activity of any business.

Marketing Strategy:

Marketing strategy is the comprehensive plan formulated particularly for achieving the marketing objectives of the organization. It provides a blueprint for attaining these marketing objectives. It is the building block of a marketing plan.

It is designed after detailed marketing research. A marketing strategy helps an organization to concentrate it‟s scarce resouces on the best possible opportunities so as to increase the sales.

A marketing strategy is designed by:

1. **Choosing the target market:** By target market we mean to whom the organization wants to sell its products. Not all the market segments are fruitful to an organization.
2. **Gathering the marketing mix:** By marketing mix we mean how the organization proposes to sell its products.
   The organization has to gather the four P‟s of marketing in appropriate combination.

Importance of Marketing Strategy □ Marketing strategy provides an organization an edge over it‟s competitors.

- Strategy helps in developing goods and services with best profit making potential.
- Marketing strategy helps in discovering the areas affected by organizational growth and thereby helps in creating an organizational plan to cater to the customer needs. □ It helps in fixing the right price for organization‟s goods and services based on information collected by market research.
- Strategy ensures effective departmental coordination.
- It helps an organization to make optimum utilization of its resources so as to provide a sales message to it‟s target market.
- A marketing strategy helps to fix the advertising budget in advance, and it also develops a method which determines the scope of the plan, i.e., it determines the revenue generated by the advertising plan.

Pricing Strategies:

Pricing Strategy is a tool used to fix the price of a particular product or service by considering various factors like the consumption of resources, Market conditions, the ability of customers, demand and supply, need of the product like regular item or occasional, etc. **Types of Pricing Strategies Premium Pricing:**

In the premium Pricing Strategy, the prices of goods and services are a bit higher than the general prices. These are especially concentrated on premium segment people.

Penetration Pricing:

Penetration Pricing Strategy is one of the three major Pricing Strategies. Generally, it is used by the new traders to gain a foothold in the market. The sellers wanted to attract more customers by decreasing the price of the product.

Economy Pricing:

Economy pricing is one of the best Pricing Strategies, which considers the generalized category of customers. These are majorly affordable and reasonable prices as much as they can provide.

Price Skimming:

It is an occasional Pricing Strategy where the well-known product has reduced its sales drastically. Even though its market share is very good for some time, with any kind of factor, they may be reduced, yeah abnormally. Then to regain the market share and to get back its customers, the price will be reduced. **Psychological Pricing:**

Among the three major Pricing Strategies, psychological pricing is also there. This Pricing Strategy can be seen everywhere. For example, Bata introduces a new kind of shoes, and the price is rupees 1,999 /-. The psychology of the human brain is ready to accept 1999 rupees, and it is not ready to take 2,000.

Product Line Pricing:

It is one of the differential Pricing Strategies. Here the prices may vary based on the size of the product. Even though the product is the same if we purchase a single product, the price may be 10 rupees. If we purchase 5 pieces, the price may be rupees 45.

Pricing Variations:

Another differential Pricing Strategy is variations in the pricing structure. It is usually observed in travel agencies. For example, if we book an air ticket 2 months before, the price will be less. If we book the ticket as we thought it would be before, the price may increase slightly. If we want to buy Tatkal tickets, the price may increase more.

7. what is meant by production management? Explain production and break even analysis in detail?

Production management refers to the process of managing the activities of a business to furnish desired outputs of products and services. It involves planning, executing, and directing operations to convert raw materials into finished goods and services. Therefore, we can say that product management is concerned with (a) procuring resources in the form of management inputs, raw materials, labour, capital, equipment, and so on in (b) order to develop or produce finished products.

Functions of production mangement

1. Selection of product and design
2. Production planning and control
3. Machine maintenance and replacement

Importance of production management

1. Efficent use of capital and resources
2. Competitive edge
3. Minimizes risk of product failures

<u>Break Even Analysis</u>

A break-even analysis is an economic tool that is used to determine the cost structure of a company or the number of units that need to be sold to cover the cost. Break-even is a circumstance where a company neither makes a profit nor loss but recovers all the money spent.

The break-even analysis is used to examine the relation between the fixed cost, variable cost, and revenue. Usually, an organisation with a low fixed cost will have a low break-even point of sale.

Importance of Break-Even Analysis

- **Manages the size of units to be sold:** With the help of break-even analysis, the company or the owner comes to know how many units need to be sold to cover the cost. The variable cost and the selling price of an individual product and the total cost are required to evaluate the break-even analysis.
- **Budgeting and setting targets:** Since the company or the owner knows at which point

a company can break-even, it is easy for them to fix a goal and set a budget for the firm accordingly. This analysis can also be practised in establishing a realistic target for a company.

- **Manage the margin of safety:** In a financial breakdown, the sales of a company tend to decrease. The break-even analysis helps the company to decide the least number of sales required to make profits. With the margin of safety reports, the management can execute a high business decision.
- **Monitors and controls cost:** Companies" profit margin can be affected by the fixed and variable cost. Therefore, with breakeven analysis, the management can detect if any effects are changing the cost.
- **Helps to design pricing strategy: The** break-even point can be affected if there is any change in the pricing of a product. For example, if the selling price is raised, then the quantity of the product to be sold to break-even will be reduced. Similarly, if the selling price is reduced, then a company needs to sell extra to break-even.

Components of Break-Even Analysis

- **Fixed costs:** These costs are also known as overhead costs. These costs materialise once the financial activity of a business starts. The fixed prices include taxes, salaries, rents, depreciation cost, labour cost, interests, energy cost, etc.
- **Variable costs:** These costs fluctuate and will decrease or increase according to the volume of the production. These costs include packaging cost, cost of raw material, fuel, and other materials related to production.

Uses of Break-Even Analysis

- **New business:** For a new venture, a breakeven analysis is essential. It guides the management with pricing strategy and is practical about the cost. This analysis also gives an idea if the new business is productive.
- **Manufacture new products:** If an existing company is going to launch a new product, then they still have to focus on a break-even analysis before starting and see if the product adds necessary expenditure to the company.
- **Change in business model: The** breakeven analysis works even if there is a change in any business model like shifting from retail business to wholesale business. This analysis will help the company to determine if the selling price of a product needs to change.

Break-Even Analysis Formula

Break-even point = Fixed cost/-Price per cost – Variable cost

8. What is meant by Human Resource Management? Explain its importance? Briefly explain about Human Resource Development?

Human resource management includes the workforce"s physical and mental labor for the production of goods and services in the business. Research reveals that finance and accounting and marketing functions take precedence over human resources in small businesses. A significantly lesser number of small businesses have full-time personnel managers to oversee all the business"s human resource functions.

Importance of HR managers in organisations

- **Strategy management:** This is an important aspect of any organisation and plays a vital role in human resource management. HR managers manage strategies to ensure the organisation reaches its business goals, as well as contributing significantly to the corporate decisionmaking process, which includes assessments for current employees and predictions for future ones based on business demands.
- **Benefits analysis:** HR managers work towards reducing costs, such as with recruitment and retention. HR professionals are trained to conduct efficient negotiations with potential and existing employees, as well as being well-versed with employee benefits that are likely to attract quality candidates and retaining the existing workforce.

- **Training and development:** Since HR managers contribute significantly to training and development programmes, they also play a pivotal role in strengthening employer-employee relationships. This contributes to the growth of employees within the company, hence enhancing employee satisfaction and productivity.
- **Interactivity within employees:** HR managers are responsible for conducting activities, events and celebrations in the organisation which gives way to team building opportunities. Moreover, it enhances interactivity within employees and instils a sense of trust and respect among peers.
- **Conflict management:** The department to go to when any kind of professional conflict arises between employees is HR. They ensure that issues and conflicts are resolved effectively, approaching the problem with an unbiased attitude and encouraging effective communication to reach a solution. In addition, they help employees understand various ways of developing effective work relationships and the importance of not letting personal judgement affect their behaviour.
- **Establishing a healthy work culture:** A healthy work culture is pivotal in bringing out the best in employees. HR managers contribute significantly in setting up a healthy and friendly work culture, which further translates into better productivity among employees.
- **Compliance:** HR professionals work towards making the organisation compliant with employment laws, as well as maintaining records of hiring processes and applicants" log.

Human Resource Development?

Human resource refers to the talents and energies of people that are available to an organization as potential contributors to the creation and realization of the organization"s mission, vision, values, and goals.

Development refers to a process of active learning from experience-leading to systematic and purposeful development of the whole person, body, mind, and spirit. Thus, HRD is the integrated use of training, organizational and career development efforts to improve individual, group, and organizational effectiveness. **Features of HRD:**

1. Systematic approach
2. Continuous process
3. Multi-disciplinary subject
4. All-pervasive 5. Techniques

Scope of HRD

1. Recruitment and selection of employees for meeting the present and future requirements of an organization.
2. Performance appraisal of the employees in order to understand their capabilities and improving them through additional training.
3. Offering the employees" performance counselling and performance interviews from the superiors.
4. Career planning and development programmes for the employees.
5. Development of employees through succession planning.
6. Workers" participation and formation of quality circles.
7. Employee learning through group dynamics and empowerment.
8. Learning through job rotation and job enrichment.
9. Learning through social and religious interactions and programmes.
10. Development of employees through managerial and behavioural skills.

Objectives of HRD:

1. Equity
2. Employability
3. Adaptability

HRD Functions:

HRD functions include the following:

1. Employee training and development,
2. Career planning and development,

3. Succession planning,
4. Performance appraisal,
5. Employee"s participation in management,
6. Quality circles,
7. Organization change and organization development.

9. Explain the Institutions supporting the small Business enterprises?

The central and state governments supports entrepreneurial activities in various ways. Services like financing, technical guidance, equipment support, training, marketing and providing subsidy and grants are supported by several institutions.

The Government has set up various centres or institutes to impart training and development to entrepreneurs, so as to improve their knowledge, attitudes, and skills.

For the development of entrepreneur a number of specialized agencies have been set up by the state and central governments which are as follows:

- Small Industries Service Institutes (SISI)
- Small Industries Development Organisations (SIDO)
- National Small Industries Corporation
- Small Industries Extension Training Institute.
- Entrepreneurship Development Institute of india
- Institute for Rural Management and Adminstration
- National Institute for Entrepreneurship and Small Business Development (NIESBUD)
- National Alliance of young entrepreneurs (NAYA)
- Maharashtra Centre for Entrepreneurship Development (MCED)

A Institutions set up by Central Government

1. Small industries development organization (SIDO)
2. Management development Institute(MDI)
3. Entrepreneurship development institute of India (EDI)
4. All India Small Scale Industries Board (AISSIB)
5. National Institution of Entrepreneurship and Small Business Development (NIESBUD), New Delhi
6. National Institute of Small Industries Extension Training
7. National Small Industries Corporation Ltd. (NSIC)

B) State Level Institutions

- STATE FINANCIAL CORPORATIONS (SFCs)
- STATE INDUSTRIAL DEVELOPMENT CORPORATIONS (SIDCs)

C) Other Agencies

- Industry Association
- Non-Governmental Organization
- R&D Laboratories

10. Explain the sickness in small business enterprises?

Sickness in man is gradual process and does not develop suddenly. Similar is the case with industrial units. Therefore, in common parlance, a sick industry is one which is not healthy and a healthy unit is one which earns a reasonable return on capital employed and builds up reserves after providing reasonable depreciation. A sick industrial unit may be defined as one where it fails to generate surplus on a continuous basis and depends upon frequent infusion of external funds for its survival. The Sick Industrial Companies Act 1985 identifies sickness in terms of cash losses for two consecutive financial years and accumulated losses equaling or exceeding the net worth of the company at the end of the second financial year.

Major Causes of Sickness in Small Scale Industries

1. Inadequacy Of Working Capital
2. Non-Availability Of Credit
3. Poor And Obsolete Technology
4. Non Availability Of Raw Material
5. Marketing Problems
6. Erratic Power Supply
7. Labour Problems

8. Poor Management
9. Inadequate Attention To R&D
10. Diversion Of Resources
11. Globalization
12. Dispute Among Partners
13. Overambitious Projects

Symptoms and Cure of Sickness of SSI's

The rehabilitation of sick units or restoring them to normal health is a matter of great urgency in view of the serious social, economic and political consequences of industrial illness.

The following measures may be suggested: (i) Cooperation between Term-Lending Institutions and Commercial Banks

(ii) Coordination between Various Government Agencies

(iv) Willing Cooperation and Clear Understanding with the Project Promoters

(v) Checking Over-Valuation of Inventories

(vi) Marketing

(vii) Recovery of Outstanding

(viii) Modernisation of Machinery

(ix) Improving Labour Relations

(x) Efficient Management

(xi) Performance Incentives

(xii) Sympathetic Government Attitude

(xiii) Austerity and Economy