

UNIT V

Role of support institution and management of small business:

Government has recognized the importance of entrepreneurs in the industrial development of the country, especially through the Small Scale Industries (SSIs). SSIs are essential for our economy in terms of employment generation, foreign exchange earnings, and its share in industrial output, and contribution to national income.

The government offers services through its specialized institutions and motivates entrepreneurs to take advantage of the various facilities and establish enterprises and flourish. This package includes assistance in obtaining

- Finance help in marketing
- technical guidance and training
- Technology up gradation etc..

Central Level Institutions

Following are the various central level institutions that support small business enterprises:

Small Scale Industries Board

An apex non-statutory advisory body constituted by the Government of India to render advice on all issues pertaining to the SSI sector. It provides a forum to its members for interaction to facilitate cooperation and inter-institutional linkages and to render advice to the Government on various policy matters, for the development of the sector.

Small Industries Service Institutes (SISIs)

They are operational one in each state which provides technical support and consultancy services, conduct entrepreneurship development programmes, and export promotion and liaison activities. Emphasizes is also placed on implementation of programmes on modernization, energy conservation, quality control/ up gradation and pollution control for the benefit of entrepreneurs.

Regional Testing Center (RTC)

It provides Testing facilities for product quality up gradation.

Tool Rooms/Tool Design Institutes (TRs/TDI)

They assist SSIs in technical up gradation, and provide good quality tooling by designing and producing tools, moulds, jigs & fixtures, components, etc.

Product-cum-Process Development Centres (PPDCs)

It look into their specific problems and render technical service.

Central Footwear Training Institutes (CFTIs)

It develop footwear designing to promote exports.

Functions of Development Commissioner-Small Scale Industries

- Advising the Government in policy formulation for the promotion and development of small scale industries.
- Providing techno-economic and managerial consultancy, common facilities to small scale units.
- Providing facilities for technology upgradation, modernization, quality improvement and infrastructure.
- Developing Human Resources through training and skill upgradation.
- Providing economic information services.
- Maintaining a close liaison with the Central Ministries, Planning Commission, State Governments, Financial Institutions and other Organisations concerned with development of Small Scale Industries.
- Evolving and coordinating policies and programmes for development of Small Scale Industries as ancillaries to large and medium scale industries.
- Monitoring of Prime Minister Rozgar Yojna (PMRY) Scheme

National Small Industries Corporation (NSIC)

It was set up in 1955 with a view to promoting, aiding and fostering the growth of small scale industries in the country. It implements various programmes and projects throughout the country to assist the SSI units.

- Composite Term Loan Scheme
- Hire Purchase Scheme - focus on women entrepreneurs, weaker sections, physically challenged

- Equipment Leasing
- Working Capital Finance
- Raw Material Assistance
- Marketing Support Programme via Integrated Marketing Support
- Technology Up gradation
- Software Technology Parks
- Exports: export assistance, testing facilities, pre- shipment credit facility, export incentives etc.

State Level Institutions

State Industrial Development Corporations (SIDCs)

- The main functions of SIDC's are as follows:
- Providing term finance to all small, medium and large industrial enterprises set up in state.
- Underwriting and directly subscribing to shares, and debentures of debentures of industrial enterprises being set up in the state
- Preparing feasibility studies, conducting market surveys and motivating private entrepreneurs to set up their industrial ventures in the state.
- Collaborating with private entrepreneurs to set up industrial ventures in joint and assisted sector.
- Implementing scheme of 'Industrial Development Bank of India' of seed capital in the state.

State Directorate of Industries (SDIs)

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.

The main functions of Directorate of Industries are as follows:

- Registration of small scale units
- Providing financial assistance
- Distributing scarce and indigenous raw materials to industrial units
- Granting essentiality certificates for import of raw material

- Establishing industrial estates and industrial cooperatives
- Developing industrial infrastructure
- Undertaking industrial surveys and collecting information
- Arranging concessions and incentives for industries
- Overall administration of village and small scale industries
- Maintaining liaison with other agencies for industrial development

District Industries Centres (DICs)

These centers are the focal points providing all the services and support required by small scale and village entrepreneurs under one roof. These serves as an integrated administrative framework at the district level for industrial development. The main functions of DICs are as follows:

- It conducts surveys to know industrial potential of a district keeping in view the availability of raw material, human skills, infrastructure, demand, etc.
- It prepares an action plan for industrial development.
- It appraises the various investment proposals received from entrepreneurs.
- It guides and assists entrepreneurs in buying appropriate machinery and equipment and raw material.
- It suggests appropriate marketing strategies to entrepreneurs.
- It maintains links with research and development institutions for upgradation of technology, quality improvement, industrial training etc. .
- It conducts artisans training programmes.
- It has been assigned operation responsibility for special schemes to provide self-employment to educated unemployed youths.

Small Industries Service Institutes(SISI)

They are set-up one in each state to provide consultancy and training to small and prospective entrepreneurs. The activities of SISs are co-ordinate by the industrial management training division of the DC, SSI office, New Delhi.

Functions

- To assist existing and prospective entrepreneurs through technical and managerial counseling such as help in selecting the appropriate machinery and equipment, adoption of recognized standards of testing, quality performance etc;
- Conducting EDPs all over the country;
- To advise the Central and State governments on policy matters relating to small industry development;
- To assist in testing of raw materials and products of SSIs, their inspection and quality control;
- To provide market information to the SISI's;
- To recommend SSI's for financial assistance from financial institutions;
- To enlist entrepreneurs for partition in Government stores purchase programme;
- Conduct economic and technical surveys and prepare techno-economic feasible reports for selected areas and industries.

ANGEL INVESTORS

An angel investor provides initial seed money for [startup](#) businesses, usually in exchange for ownership equity in the company

They may be involved in a series of projects on a purely professional basis

Angel investors aren't usually in the loan business. They're putting money into an idea they like, with the expectation of a reward only if and when the business takes off

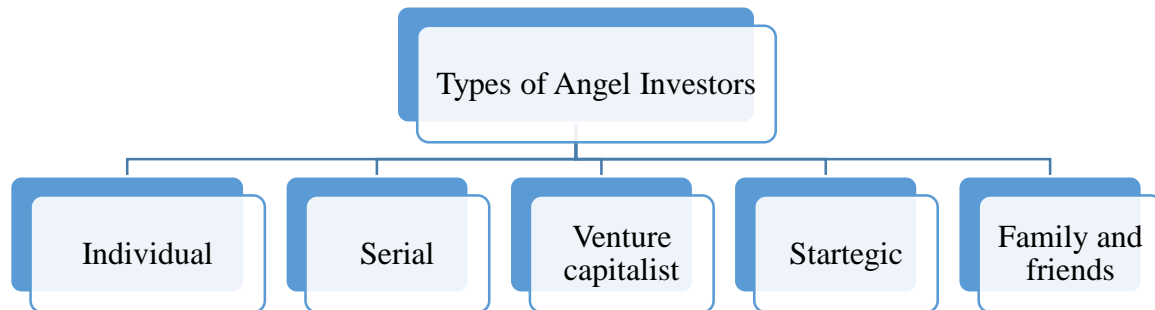
Features

- Most angel investors are relatively wealthy individuals who are looking for a higher rate of return
- They search for startups with intriguing ideas and invest their own money to help develop them further
- The ventures are, by nature, extremely risky

How does work?

1. Identifying Opportunities for Investment:
2. Proper Investigation:
3. Conditions and Negotiation:
4. The Actual Investment:

5. Guidance and Assistance
6. Major Involvement in Affairs
7. Risks and Rewards Involved in the Investment:



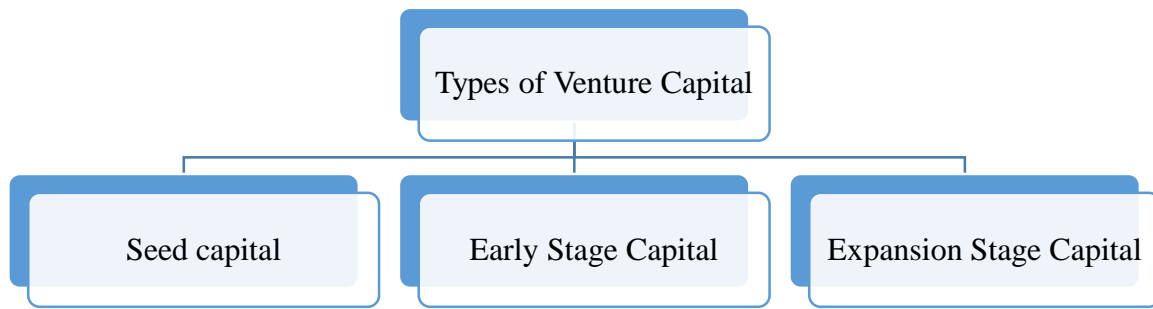
Advantages	Disadvantages
<ul style="list-style-type: none"> • possess extensive business connections, enabling interactions between entrepreneurs and prospective clients, business partners, and funding opportunities • They potentially hold industry expertise and experience as business proprietors and can offer valuable guidance to ensure your success. • angel investors to make the greatest possible contributions 	<ul style="list-style-type: none"> • Shared Authority • It is crucial to consistently be ready for the lengthy and tiresome process

VENTURE CAPITALISTS

Venture capital is a type of equity financing, which is typically provided to startup firms and small businesses that are believed to have long-term growth potential

it refers to the money provided to new, young and /or small businesses that usually have little or no access to conventional sources of finance

The person providing the venture capital is referred to as the Venture Capitalist, who provides capital to start-ups or supports small companies that wish to expand but do not have access to equity markets.



for financing of the pre-start stage of firms (i.e. financing of ideas that have not yet come to market);	for financing firms that are in their first or second stages of existence;	for financing firms that need to grow beyond a certain point to become truly successful.
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Features

- Form of equity investment
- Risky capital
- Early stage finance
- Long term investments
- High rate of return
- Coupled with managerial assistance

Functions

- Venture capitalists provide investments of long term equity finance in high risk projects with high reward possibilities.
- They provide seed capital to finance innovations even in the pre-start up stage.
- They ensure that a firm has proper and adequate commercial banking and receivable financing.
- In the development stage of a new venture, sometimes the venture capitalists help the entrepreneur develop the business plan.

- Venture capitalists assist entrepreneurs in locating, interviewing and employing required human resources with the aim of professionalising the firm. 6. The venture capitalist does proper assessment of the intrinsic merit of the idea or innovation and ensures that these are aimed at a well-defined market opportunity.
- They use their predetermined milestones to establish a strategic plan for each stage in the growth of the company, with the outcome being the formation of an initial public offering or a major upcoming acquisition.