



Development of Entrepreneurship Through SSI In Uttar Pradesh

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Abstract

This research paper in general explores about the entrepreneurship system and the necessary steps taken by Entrepreneurs, Government as well as Financial Institutions to make entrepreneurial system success. This research paper also reports about the extent of core competencies of the entrepreneurs having small and medium manufacturing and exporting enterprises, success of these enterprises as a resultant of the competitive advantage of such enterprises, as well as the relationship between the entrepreneurial competencies and their success through competitive advantage.

The study also reveals that the owners of small and medium manufacturing and exporting enterprises of Uttar Pradesh have fair competence in knowledge competencies but good competence in skill competencies. In addition, the Uttar Pradesh enterprises being studied have the highest level of competitive advantage in relationship advantage, but score substantially low in cost advantage. Besides, there are six elements of entrepreneurship competencies that significantly influence the competitive advantage. These elements are knowledge of strategic management, knowledge of business management, planning skill, executing skill, interpersonal skill, and responsive skill. Government organizations, academic institutions, and small and medium manufacturing and exporting enterprises should adopt the six elements of entrepreneurship competencies in order to further develop the competitive advantage of their small and medium manufacturing and exporting enterprises.

Keywords: Competencies; Competitive Advantage; Entrepreneurship; Small and Medium Enterprises; Uttar Pradesh.

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Introduction

Entrepreneurship has a long history and has been defined in different ways. The term "entrepreneur" originated in France as early as the 17th and 18th centuries. As back as 19th century the word entrepreneurship was described as the venturesome individuals who stimulated economic progress by finding new and better ways of doing things

(Say Baptiste Jean a French Economist). In the 20th century, the concept of entrepreneurship was further refined and described entrepreneurs as innovators who drive change in the economy by serving new markets or creating new ways of doing things. The function of entrepreneurs is to reform or revolutionize the pattern of production in many ways: by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on (Joseph Schumpeter, Professor at Harvard Business School). While both Say and Schumpeter emphasize starting new, profit-seeking business ventures but starting a business is not the essence of entrepreneurship. Rather it is the role of entrepreneurs as the catalysts and innovators behind economic progress. Entrepreneurship is not bound by rigid concepts of age nor plagued by homogeneity but they are diverse, found in every culture, class, race, ethnicity, gender, sexual orientation, physical ability and age.

Entrepreneurs are those people who exhibit common traits such as single-mindedness, drive, ambition, creative, problem solving, practical, and goal-oriented. In common parlance, being an entrepreneur is associated with starting a business, but this is a very loose application of a term that has a rich history and a much more significant meaning (Dees, 1998). The notion of entrepreneurship was further extended by emphasizing opportunity (Drucker, 1985). Entrepreneurs are not required to cause change but exploit the opportunities that change creates in technology, consumer preferences, social norms, etc. Starting a business is neither necessary nor sufficient for entrepreneurship. Every new small business is not entrepreneurial or represents entrepreneurship. Later stage, another element of resourcefulness was added to the opportunity-oriented definition that distinguishes “entrepreneurial” management from more common forms of “administrative” management. In brief, an entrepreneur is an individual who recognizes an opportunity or unmet need and takes the risk to pursue it. He needs to develop these abilities, managing productivity and seeking out new markets. Besides, there are few traits essential for successful entrepreneurs. These traits are: proactiveness, curiosity, determination, persistence, vision, hard working, honesty, integrity, strong drive to achieve, high levels of energy, goal oriented, independent, demanding, self-confident, high self-esteem, disciplined, strong management and organizational skills, internally motivated, tolerance for failure, positive attitude, positive thinking, sees opportunities where others see problems.

FACTORS CONTRIBUTING TOWARDS ENTREPRENEURIAL SUCCESS

Success of a business depends on the characteristics and qualities of the entrepreneur. The key factors to success of an organization are as follows:

1. Believing that that the venture will work.

2. Gaining practical and real world experiences in the field of entrepreneurship
3. Innovations and inventions.
4. Giving embrace to risk and possibly failure.
5. Adaptation to new technology.
6. Time and money management

SMALL SCALE INDUSTRIES IN UTTAR PRADESH

Uttar Pradesh is the rainbow land where the multi-hued Indian Culture has blossomed from times immemorial and blessed with a variety of geographical land and much cultural diversity. It plays an important role in the politics, education, culture, industry, agriculture and tourism of India.

The small scale industries constitute an important segment of the state economy in terms of employment generation, source of foreign exchange earnings and exports. The favorable government policies coupled with availability of large pool of human resource makes the state one of the best location for setting up SSI units within the state. The state has set up 679703 units, which has generated employment for 2742766 persons and has attracted investment of more than Rs. 12000 Crore. The state has proposed to set up 33000 units in the annual budget of FY2011. Uttar Pradesh has developed several schemes for the development of Small Scale Industries such as Transport Assistance Scheme, Technology Up-Gradation Scheme, and Single Table System for providing prompt and quick solutions to the entrepreneurs in the state. Besides this, the state has also implemented Market Development Assistance Scheme to facilitate marketing of products of Khadi and Village Industries.

REASONS BEHIND SUCCESSFUL ENTREPRENEURSHIP IN UTTAR PRADESH

Reasons for the success of entrepreneurship in Uttar Pradesh are the availability of competent human resource, government policies etc. The state encourages and promotes private participation in industrial and social development. The state offers enormous possibilities for progress and growth along with readily available labor assets and investor friendly policy. Financial Incentives Provided by Uttar Pradesh Government are 100% exemption from stamp duty and Interest free loan for pioneer unit's capital subsidy to small industrial units.

SIGNIFICANCE OF SMALL SCALE INDUSTRIES

A significant feature of the Indian economy since Independence is the rapid growth of the small industry sector. In the Industrial Policy Resolutions of 1948 and 1956, the

small sector was given Special role for creating additional employment with low capital investment. Small and Medium Enterprises play very important role in socio-economic development of our country on account of their inherent advantages like low capital requirement, high employment generation, decentralization of industrial activity, utilization of locally available resources and widening of entrepreneurial base . Small scale industries are of great importance to an economy. Most of the employment opportunities in a developing country like India are generated through such industries. It is an important field for providing employment. Besides these they are also a key factor of production of enormous variety of products. Major items of exports are produced in such units and it is a main factor of earning foreign currency.

The state government of Uttar Pradesh has decided to set in motion, an MSME Business to Business (B2B) Portal to encourage and upgrade growth in Small and Medium Enterprise (SME) sector. Adding to which the state government is also taking a stand in creating district-wise database for SME's. The fact that Uttar Pradesh is sheltering about 3.1 million SME units has been the source to trigger such a thought. SME's can achieve greater networking and receive accelerated business deals with the help of a business portal. Cities like Varanasi, Bhadohi, Moradabad, Aligarh in Uttar Pradesh, which are very famous for banarasi saree, carpets, brassware, locks respectively can draw surplus amount of benefit through this portal.

The district-wise MSME database which is being set up collectively with the industrial bodies will be a boon to the SME sector, as up-to-date information about the industries of a particular district will be available irrespective of time. This MSME database is expected to be accessible by the end of September 2012.

On the other hand the state government is also considering on giving a new life to the financial institutes of Uttar Pradesh that especially includes Pradeshia Industrial and Investment Corporation of UP (PICUP) and the UP Financial Corporation (UPFC). The audacious need for such reorganization is a result of UPFC being under debt of Rs 800 Crore and it owes this amount to Small Industries and Development Bank of India (SIDBI)

Addressing this crisis, UP Small Scale Industries (SSI) and Export Promotion Principal Secretary Mukul Singhal told Business Standard, "We want to incorporate lessons learnt from the past to improve Pickup". For the fiscal year 2012-13, Uttar Pradesh state government has intended to codify new industrial protocols to support the 50,000 up-coming SME units in order to accomplish better output.

STATE GOVT. SUPPORT FOR MSME SECTOR

It is a challenging task for the Govt. to provide required support to MSME sector, where no. is large, widely scattered units which have limited resources and knowledge



to compete in the domestic market as well as in global market. The govt. is aware of the mammoth responsibility and it has created an enabling environment for the entrepreneurs to flourish their ventures by giving them technological and marketing support along with developing required infrastructure under its various schemes-

1) Technology Sector

For development of competitiveness among the small scale industries under the changed scenario due to economic globalization and worldwide competition, the state Govt. has implemented **U.P. Micro and Small Industries Technology Up-gradation Scheme** in 2007 under which assistance is provided to micro and small enterprises for development and up gradation of technology as under :

- Amount incurred for purchase and import of technology @ 50% subject to a maximum of Rs 2.50 lacs.
- Amount incurred for purchase P/M for enhancement of capacity and quality improvement @ 50% subject to a maximum of Rs 2.00 lacs
- Interest subsidy. @ 50% subject to a maximum of Rs 0.50 lacs.
- Amount incurred for obtaining ISO/ISI certification @ 50% subject to a maximum of Rs 2.00 lacs
- Amount incurred for consultancy worldwide competition@ 50% subject to a maximum of Rs 0.50 lacs.

Number of units has been assisted under the scheme and a sum of Rs.655.14 lacs has been provided to 388 units since 2007-08 till Dec. 2010, as per details given here as under:-

S.No	Year	Units Assisted	Amount in (lacs)
1	2007-08	76	113.84
2	2008-09	108	200.00
3	2009-10	122	200.00
4	2010-11 (Dec, 2010)	82	141.30
	Total	388	655.14

Source: Director of Industries

2) Marketing Sector

To assist MSMEs in marketing sector for development, promotion and for better prospects of the products being manufactured, specially by micro and small industries/enterprises, the Govt. has provided institutional support in form of establishment of UPTPA (Uttar Pradesh Trade Promotion Authority) under Directorate of Industries, U.P and Export Promotion Bureau. The UPTPA has been given the responsibility to arrange, participate and coordinate in seminars/trade fairs/exhibitions, nationally as well as internationally to provide small entrepreneur a platform for development and promotion of market prospects for their product. The UPTPA also provides marketing assistance under **Marketing Development Assistance Scheme** in which the entrepreneur are assisted to attend/ participate in seminars /trade fairs all over the country by way of reimbursement of expenses incurred towards participation/stall charge, fair, etc.

Further to encourage the successful entrepreneur of MSME Sector, the Government has implemented **Baba Saheb Dr. Bheem Rao Ambedkar Small Industries State Award Yojna** in 2009 under which the entrepreneurs of Micro, Small & Medium enterprises are awarded with cash, testimonial, etc. separately on the basis of turnover, product specific, quality, research etc. A provision of Rs. 12 lacs have been made for the financial year 2011-12 under the scheme.

The **Export Promotion Bureau** was established by the Govt. of Uttar Pradesh in 1999 for promoting exports from the State of U.P. The objective of the EPB is to take effective steps for Export Promotion in Coordination with all the Government Departments for the Exporters. It interacts with exporters on the one hand and Export Promotion Councils, Agencies, Export Associations, State & Central Government bodies on the other hand. The Bureau assists exporters in export procedure and coordinates for various facilities and assistance offered by the State & Central Agencies.

The EPB provides marketing assistance specially to small entrepreneurs enabling them to enter into/enhance their market base in international market under Rapid Export Development Promotion Scheme and Subsidy on Freight Charges Scheme. The details of these schemes are as under:



Particulars	Eligibility	Prescribed fee	Details
A- Support for exporters at international level			
Foreign Fairs/Exhibition	MSME Exporter reg. with EPB & concern DIC	NIL	60% of Stall charges paid upto max. of Rs. 100000/- for one fair/exhibition Air Fare 50% by economy class max. upto Rs. 50000/- per fair for one person.
Publicity advt., printing of catalogue & development of website	MSME Exporter reg. with EPB & concern DIC		60% of total cost of Expenditure maximum up to Rs. 60000/- annually.
Samples to foreign buyers	MSME Exporter reg. with EPB & concern DIC		75% of total expenses on air-freight courier for sending samples max. assistance up to Rs. 50000/- per year.
Facility for obtaining ISO 9001-2000/BIS 14000, Wool mark, Hall mark, HACCP & C-mark	MSME Exporter reg. with EPB & concern DIC		50% of total expenses max. upto Rs. 75000/- per year
B- Subsidy on freight charges upto gate way port.			
a) Export Cargo sent by ICD/CFS	SSI Exporter reg. with EPB and concern DIC	Nil	25% of freight charges maximum upto Rs. 5000/- per container (20ft) is admissible to exporting units to send their goods by State ICD/CFS to the gateway port. This amount is sanctioned by the district users committee chaired by D.M. of the concerned district.



b) Export Cargo sent by Air Cargo Complex in U.P. (Amausi, Lucknow and Babatpur, Varanasi)	SSI Exporter and Merchant Exporter with EPB and concern DIC	Nil	20% of air freight charges on sending export cargo or Rs 50 per kg (lower of two).
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Number of small entrepreneurs/exporters/manufacturers have been assisted under Rapid Export Development Promotion Scheme and Air Freight Subsidy Scheme and a sum of Rs. 2465 lacs has been provided to them under these schemes since 2007-08 till Dec. 2010. Details are as under:

Year	Rapid Export Development Promotion Scheme		Air Freight Subsidy Scheme	
	No. of Units	Amount (Rs. in lac)	No. of Units	Amount (Rs. in lac)
2007-08	756	598.00	-	-
2008-09	686	763.00	11	5.84
2009-10	775	763.00	07	4.72
2010-11	534	527.00	06	3.19
TOTAL	2751	2651.00	24	13.75

The Govt. has also adopted **Purchase Preference/Price Preference Policy** for developing and providing marketing support especially to micro and small enterprises of the state in govt. purchases of various materials/items being used in various offices of the govt.-

A) Price Preference Policy

1. Price Preference@10% to MSEs of the state in comparison to MSEs of other states.
2. Price Preference@15% to MSEs of the state in comparison to Medium and Heavy enterprises of other states.
3. Price Preference@5% to MSEs of the state in comparison to Medium and Heavy enterprises /industries of states.
4. Price Preference@5% to Medium and Heavy enterprises/ of the state in comparison to Medium and Heavy enterprises/ industries of other states.

B) Purchase Preference Policy

In any contract, units of state and other states participate and rates of other state unit are lowest, all the units of the state, whose rates are higher upto 10% of the lowest, shall also be notified along with unit of other state offered the lowest rate ,provided they agree to supply on lowest rate. In any contract, units of state and other states participate and rates of state unit are lowest, all the units of the state, whose rates are higher upto 10% of the lowest shall be notified provided they agree to supply on lowest rate but no unit of other states, shall be notified.

3) Infrastructure Sector

The State Govt. is committed to improve over all infrastructure and logistical facilities, so essential for driving industrial and economic growth. Special emphasis has been given to improve and maintain existing industrial estates/industrial areas. In the state 80 number of industrial estates were developed by the government for setting up of the industrial units mainly by small entrepreneurs, the government is running a **scheme for strengthening and up gradation of infrastructural facilities** in its estates and a sum of Rs. 6.98 crore has been incurred towards improvement /maintenance of facilities such as roads, streets, water supply and drainage system in exiting industrial estates located in different cities/towns of the state from 2007-08 to Dec. 2010. The details are as under:

Sl. No.	Year	No. of Industrial Estate	Amount Invested (Rs. in Cr.)
1.	2007-08	16	3.98
2.	2008-09	07	1.00
3.	2009-10	05	1.00
4.	2010-11(up to Dec. 2010)	05	1.00
Total		33	6.98

Source: Director of Industries

The govt. has also adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of micro and small enterprises. In this regard, it has selected 22 clusters to provide infrastructural support and technological support under **Micro & Small Enterprises-Cluster Development Programme (MSE-CDP)** of MSME department of GOI. Out

of 22 clusters, five are Common Facility Centre (hard intervention) at Varanasi (Glass beads), Bhadohi (Carpet), Khurja (Pottery), Gorakhpur (Leather), and Meerut (Scissors) for investment of Rs. 23 crores with state share of Rs. 6 crores and 17 soft intervention clusters at different areas/cities for investment of Rs. 1.25 crores. Further, under **ASIDE scheme** for export infrastructure, all major export centers have been assisted under PPP mode. The Govt. of U.P. is also providing attractive fiscal incentives to the MSME sector in form of granting interest free loans under **Nivesh Protsahan Yojna** against VAT payments & exemptions from stamp duty and electricity duty, speedy online clearances through '**Nivesh Mitra**' easy availability of developed industrial plots, healthy labor relation and crime-free and fear - free atmosphere. The sector has been offered various special incentives and concessions which are summarized here under:-

1. Fiscal Incentives

Grant of Interest Free loan under **Nivesh Protsahan Yojna** for 10 years repayable after 7 years to new units and have made fixed capital investment of Rs.5.00 crore or more in Food Processing Sector, Rs.10.00 crore or more in Eastern U.P. and Bundelkhand and Rs.25.00 crores or more in other districts. Amount of loan shall not exceed 10% of turnover or sum of the trade tax/ vat and central sales tax paid by the units.

2. Land Related Incentives

- Exemption from stamp duty on transfer of land as under:-

Sl. No.	Particulars	Eastern U.P. & Bundelkhand	Rest of the state
1	New Micro and Small units	100%	50%
2.	Other new units	50%	50%
3.	Agro Processing, Information Technology /Bio Technology & Specify Infrastructure Units	100%	100%

- Reduction of stamp duty to rupees two per thousand on mortgage of title deeds, transfer of movable property, mortgage of property without possession, collateral security and bank guarantee (max. Rs.10, 000/-).

3. Other Incentives

- Exemption from Electricity duty for 10 years to all new units.

Conclusion

Undoubtedly, it can be said that development of Small Firms contribute to the economic development of a state and then to a country. It provides a huge number of employment opportunities; production of large and diversified variety of products increases the scope exports and hence become an important factor of earning foreign exchange. The concentration of such industries in rural areas increase rural employment opportunities but while the urban areas have remained restrained from such opportunities. Talking about Uttar Pradesh, government has taken many steps for the development of small firms in both urban as well as rural areas which, in turn has increased in the development of the people as well as economy of the state.

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