

# EDI REPORTS

Entrepreneurship Development Institute of India  
(Sponsored by IDBI, ICICI, IFCI & SBI)

From the Director's Desk

## ENTREPRENEURSHIP AND NEW INDUSTRIAL POLICY

Dogmatic interpretations of the recently announced new industrial policy by the Government of India apart, there are some pragmatic implications for entrepreneurs and added challenges to entrepreneurship creators and promoters in this policy. Let us look at 3 features of the new policy : liberalisation, increase in the limit of small scale industry and investment subsidy to SSI in backward and rural areas.

Liberalisation which will lead to increased competition from new technologies and tie-ups with large companies from abroad, poses a challenge to Indian entrepreneurs of existing and new medium and large sectors. After more than four decades of indigenisation and protection, the Indian entrepreneur has to be, and I believe by and large is, matured and dynamic enough to respond by facing head-on the challenge involved in terms of quality and price, brand name and marketing. For many, new entrepreneurial opportunities have opened up with this liberalisation. Perceiving and seizing new opportunities are, indeed, qualities of entrepreneurs. Those who are real entrepreneurs

take pride in stating, as two young technocrats told me last week, "even at a small scale level our product is of precision and quality which has met competition from medium and large or even multinational enterprises". They don't feel threatened at all.

Increase in the limit of small scale industry from Rs. 35 to 60 lacs has a different meaning altogether. For more than 75% of small scale industries which have plant and machinery investment of less than 10 lakhs, this change hardly matters. This is because small scale is really small in our country. However, many entrepreneurs did not wish to grow to retain benefits linked with small size. The new policy will motivate many of them to now expand. Growth is a natural process for entrepreneurs and only the real ones will take advantage of the higher limits.

Two doubts creep up immediately : if real advantage of being small is related to Excise and Sales Taxes, increase in plant and machinery size may not matter so long as concessions based on turn over limits remain the same, secondly

those who are real entrepreneurs, possessing qualities of sense of achievement, search of excellence, growth had to be a natural process disregarding whether one crosses the small scale limit and foregoes certain advantages or not. That is now, if not thousands, several hundreds of small entrepreneurs have grown from small to medium and large looking for charms of growth rather than benefits of remaining small. In that case, they would have already grown and will continue to grow; the higher limit would mean only re-classification of enterprises, not necessarily giving a push to the small one to expand.

Subsidy to small scale enterprises in rural and backward areas is an opportunity for entrepreneurship development programmes. Since entrepreneurial potential is weak in backward and rural areas because of socio-cultural and economic reasons and since cash subsidies do not attract "outsiders" to backward and undeveloped regions for small scale projects, efforts to develop and promote local entrepreneurship acquire special significance. EDPs are even more rele-

vant for rural and backward areas because they identify, cultivate and create entrepreneurship. With these subsidy incentives, developing new entrepreneurs in these regions should be more effective, attractive and relevant.

And finally a negative comment. The new policy leaves the smaller of the small scale virtually just as they were. While procedural and bureaucratic constraints for large enterprises to become larger are removed, and it is a good thing, all the irritants for the small remain the same and it is the small scale entrepreneur, the single owner-manager who simply cannot afford to spend almost 25% of his time in dealing with multiple procedure, forms, formalities, statutory requirements and influx of the inspectors. Much more needs to be done for making life less miserable, not entirely pleasant, for the small men. In the long run, let us not forget it is out of thousands of these small entrepreneurs that hundreds of future medium and large entrepreneurs will emerge.

-Dr. V.G.PATEL

## ENTREPRENEURSHIP DEVELOPMENT PROGRAMME IN CHINA

A team of 3 faculty members from EDI, including an external expert from ICICI conducted an Entrepreneurship Development Programme for tenants of Business incubators at Wuhan, China during April 20-May 3, 1990. The programme was sponsored by UNFSTD and hosted by the Management Institute of State Science & Technology Commission (MISSTC). The programme was attended by a group of over 50 professionals- mainly scientists and engineers aspiring to translate research ideas into commercial ventures.

A training need-identification exercise was taken up prior to the commencement of the programme. Accordingly, a training programme was designed with major inputs like : Investment decision making, Business plan preparation, Market Survey, Investment policy of multinational banks & Entrepreneurial

competencies. These inputs were covered within a span of 70 hours of class room training.

Considering the nature of target group, the delivery mechanism involved providing background read-

ing material and discussing the concept in the classroom through case studies and relating the same to the experiences of the participants as also the prevailing situation in China. The participants

were exposed to business strategies prevalent in market economies as a part of helping them conceive projects with international markets in mind. They were also provided opportunities to make presentation on business plans and market surveys which was thoroughly analysed by the faculty to provide feedback there by facilitating internalisation of the concepts.

Subsequent to the success of the programme, the officials of MISSTC desired that a refresher course be organised for a selected group of participants. Further the officials of business incubators have suggested that EDI organise a programme on Operating Management for Existing Tenants or Incubators in China in order to help the Chinese obtain a first hand knowledge of infrastructure, technology level and operational styles, a visit is proposed of Chinese professors and incubator officers to India.



Dr. H.C. Raval & Mr. B. P. Murali conducting a simulation exercise for the Chinese participants

# A TRENDSETTER SHARES HIS EXPERIENCES

I have been regularly asked to speak on entrepreneurship, which I used to hesitate to succumb. It is largely because these offers make me suspicious whether my friends think that I have come to stage which people call autobiographical and when people stop talking anything other than their own achievements and glories. I do not think I have come to that stage and I still look forward for another 8/10 years of which I call creative phase. But I know the limitations, I can not help but drawing from my personal experiences to highlight some of the points, I am going to make, I think this is inescapable. The other point I will like to make is that what I am going to say may not necessarily fit into these day's specialized management language which, please excuse me for saying so, is getting somewhat jargon based, I will try to be earthy, and down to earth as I am.

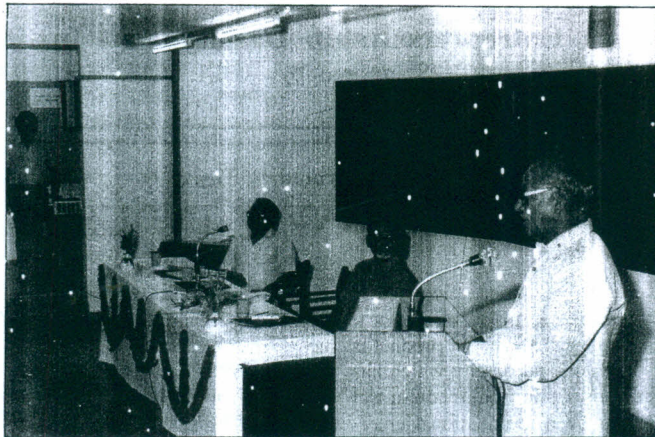
Let me first draw the boundary lines, I intend touching three aspects of entrepreneurship. I would like to touch upon why some people become entrepreneurs, what is life cycle of entrepreneurship and I would like to share with you the 7 points which make an entrepreneur successful.

What is an entrepreneur and how does he differ from any other creative person? The basic premise is that entrepreneur is a creative person who is driven by some restlessness and risk taking urge; some urgency to be different from others to create something. Both he and a creative person have to be innovative. But whereas most other creative people have to excel themselves as individuals, an entrepreneur has to create an organisation. Since the game of business is becoming more and more complex, it is not that only he has to excel as an individual, he also has to have an excellent organisational support to excel in whatever area his enterprise is engaged.

Once this part is understood and recognised that the entrepreneur has to have duality of excellence i.e. as an individual and as an organisation, all other things I am going to talk will fall in the proper place. To become a successful entrepreneur in addition to his other qualities, what I perceive as most important asset is that he has to seek to be:

1. Appropriate
2. Compatible
3. Consistent

For me, appropriate means that a behaviour is appropriate to the demands of occasion. You get seriously hurt while running an organisation if you over or



*Mr. Brij Mohan Lal, Chairman of Hero-Honda Motors Limited and head of Munjal Group of Companies sharing his entrepreneurial experiences with the participants of the Women Entrepreneur Trainer-Motivators' Programme held at EDI Campus.*

Similarly compatibility means behaviour compatibilities with task and with organisational or group realities. It means therefore that it requires careful analysis of variables and application of mind before a decision and rationality of approach.

The last point is consistency. The entrepreneur ultimately leads a team. A team works more on perception that it forms over a period and react on the basis of its leader's credibility. Therefore, there has to be some degree of consistency in management style and leadership strategies.

Now, gentlemen, to ensure that you are appropriate: compatible and consistent to be successful, there are two principal guiding senses:

1. Clue Sense
2. Cue Sense.

It is the balance of these senses what make the difference between a successful and not so successful entrepreneur, by clue sense. I mean your reaction based upon clues from the data analysis and grasp of fact & figures earned through hardwork. Data do not mean anything if you do not know how to react on it. The cue sense means having a gut feeling and capability to take risks on your sensory perceptions. This cue feeling is very much different from that of gambler feeling. Because, to have the gut feel, you have to have ideas of basics about the product, the people and a very thorough scanning of the environment balance through your vision.

Let me now come to LIFE CYCLE OF ENTREPRENEURSHIP: I have chosen this part basically to give you an idea as to what lies in front of you and your organisation. Your path is not a bed of roses. First is the BIRTH

ing time when you have seized an opportunity by the throat and created a new enterprise. But it is the childhood which is difficult. I was reading the other day that in a small scale sector, 90% of failures occur in first three years and are largely due to lack of experience or managerial capabilities. If you come out successfully in this initial phase, the chances are that maturity cycle will be somewhat smoother. But you will realise that enterprises are like living things. They have to keep growing to survive, there are no short cuts, you are in whirlpool. Whether you like it or not you have chosen to be at war with yourself. The moment you slacken, you will be overtaken, you will caught on wrong foot. I have seen enterprises getting caught but only some of those rise again from their ashes like Phoenix.

But going to ashes is something no entrepreneur will relish and this is why I say that the path of an entrepreneur is no bed of roses even if you are successful and you have to strive to remain successful perpetually. It is, therefore, very important to understand that there is no other profession which requires and needs this kind of perpetual urge for excellence.

I would also like to pin point seven critical touch stones which in my perception make an entrepreneur successful. They are not in an order of priority and they are basically random thoughts:

The first thing that comes to my mind is "ARE YOU A LEADER OF YOUR ORGANISATION BY YOUR OWN EXAMPLES?"

Entrepreneurship, as I have mentioned earlier, requires apart from creativity, an organisation building skill. To building an organisation we have not only to be the leader but we have to be perceived by our

theories of interaction and human behaviour say what they want to, but I am a firm believer that it is our personal conduct and credibility in the eyes of organisation which builds its culture. Most important personal trait is self-discipline. Even now I come to my factory at dot of 9.30 a.m. I put off the lights and AC of my room when I move out. When I make a phone call to my office from any part of the world, I talk to all concerned executives at one time and I need not have to make a second call. All my personal bills are submitted on the same day and in great meticulous details and are open books, and I am sure all my executives follow the same without my even telling them.

Manytimes while travelling my younger brother and me have shared the same room and asked our executives to have their independent rooms for themselves. Do you think I can teach them more by preaching? It is the practice that matters. They establish the culture of the organisation.

The next most important thing is avoidance of fat. Gentlemen, it is the fat which kills not only the human-beings but the organisations. If you have unnecessary fat you lose your competitive skill and in any organisation the start point of generation of fat normally is extravagant life style of men at top. Notwithstanding complusion of society a sober life style will always help you to progress.

The second and important aspect is "DO YOU WORK AT A SHORT TERM OR LONG TERM BASIS?"

There are two parts to this. First you have to have vision, only being ambitious does not help. If you have vision and target fixed for long term goals you will save temptuous of short term gain. I would not say anything more but cite my own example. When we started, for many decades we plainly refused to enjoy the fruits of growth for personal pleasure. Believe me, even now we stay in the same house in Ludhiana where we moved in the 50s.

Whatever we were earning was getting reinvested in the business itself and our basic aim was to excel and expand the enterprise.

Next important aspect is "DO YOU GET GOOD IDEAS?"

The question may seem in-sequential but is very vital if you want to grow. You need to increase your own productivity and that of your organisation to be productive, you need to ask yourself "What are

## PROJECT PROFILES FOR TOURISM INDUSTRY IN GOA

The Tourism Industry has been given tremendous boost by the Govt. of Goa. The Economic Development Corporation of Goa, Daman & Diu, Panaji had assigned the task to the Institute to identify appropriate projects for developing tourism in Goa.

A total of 25 new viable opportunities in the investment range of Rs. 5-10 lacs suitable for Goa, particularly in the field of amusement equipments and water sports were identified and detailed project profiles for them have been prepared.

The Institute is also in the process of identifying potential entrepreneurs for these projects and imparting them entrepreneurship development training in setting-up their projects.

## WOMEN EDPs IN BANGALORE AND JAIPUR



*Ms. Kiran Mazumdar, a member of the Institute's Governing Board giving away certificates to the participants of the Women EDP at Bangalore during the valedictory function.*

Special EDPs for Women are being organised at Bangalore and Jaipur which have brought overwhelming response from the potential women entrepreneurs of the regions.

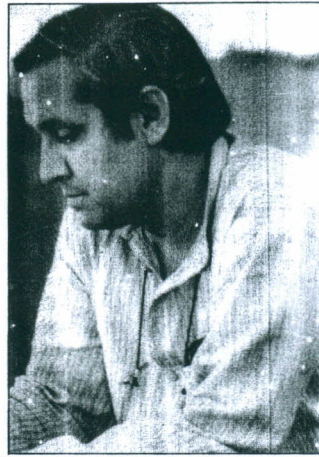
In Jaipur more than 200 applications had been received; out of which 164 applicants were assessed through behavioural test to identify their entrepreneurial competencies and 97 were screened by personal interview. A total of 31 potential women were selected for the programme. Simultaneously in Bangalore also 94 applicants were assessed through behavioural test and 72 with personal interview. Finally, 35 were selected for the Bangalore EDP.

Besides entrepreneurial competencies, participants were also assessed for their commitments to-

The 1990 IDEA Laureate Water Award has been granted to Mr. Bunker Roy of Tilonia, India for his innovation of repairing and maintaining sophisticated India/Mark II hand pumps through the village based Hand Pump Mistry (HPMs) in the State of Rajasthan.

The award presented by the International Inventors Award (IIA) is supported by the Royal Swedish Academy of Engineering Sciences for any innovation that improves the economic and social conditions of the poorest among the rural population in the Third World.

The IDEA Laureate Award is presented every year to 5 persons selected from hundreds of nominations received from all over the World. The innovation receives a cash prize of SEK 200,000 (Rs. 5.5



*Mr. Bunker Roy*

lakhs) each. The other four awards are given for innovations in the areas of farming, fishery, forestry and energy.

Bunker Roy is the second Indian to receive the IDEA Laureate Water Award since it was instituted in 1986. Soon after his Masters in English from St. Stephens College, Delhi, he started living and working in villages in Rajasthan from 1967.

In 1984 the system of carrying out all major and minor repair on the India Mark II hand pumps at the village level through the HPMs

was accepted by the government of Rajasthan. Each hand pump mechanic with special tools and practical training for 2 months in Tilonia is appointed by the Government to look after 30-40 hand pumps within a radius of 5 kms

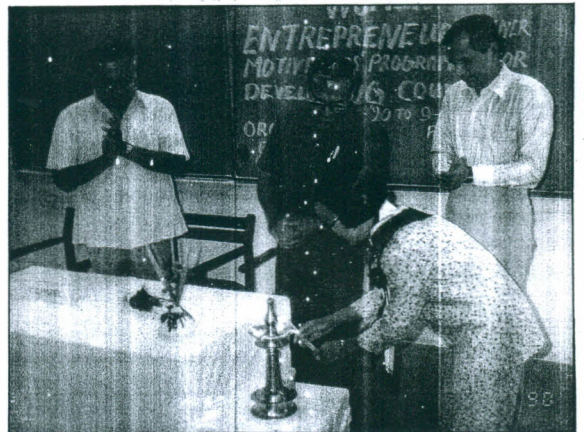
from the village where he lives. This has reduced the costs of repairing from Rs. 750/- per hand pump per year to Rs. 250/- per hand pump for the State. As a result it has generated employment among rural youth and made communities totally self-reliant at the village level.

More than 40,000 India Mark II hand pumps are being repaired by the village based "barefoot mechanics" in Rajasthan. This idea has been replicated in other States of Maharashtra, Orissa, Gujarat, Madhya Pradesh and Tamil Nadu but on a smaller scale.

The award ceremony will be held in Stockholm in November 1990 in a public ceremony at City Hall, Prince Sadruddin Aga Khan is going to honour IDEA by presenting the awards to the 1990 Laureates

The Institute is privileged to have Mr. Bunker Roy as a member of its Governing Board

## ETM PROGRAMME FOR WOMEN



*A participant from Malaysia lighting the lamp at the inaugural function of the Women Entrepreneur Trainer-Motivators' Programme for Developing Countries held at EDI Campus from March 14 to May 09, 1990*

An exclusive programme for Women Entrepreneur Trainer-Motivators (WETMs) funded by CFTC for Common Wealth Member Countries was conducted by the Institute at its campus from March 14 to May 09, 1990.

The programme focused on developing competent and committed WETMs for initiating, planning and implementing entrepreneurial development activities among women in developing countries.

Fifteen participants representing Brunei Darussalam, Gambia, India, Jamaica, Malaysia, Maldives, New Zealand, Seychelles,

St. Kitts, St. Lucia, Swaziland, Tanzania, Uganda, Vanuatu attended the programme.

During the training programme, the participants were provided indepth inputs in the ED process, policy frame work and the support system. They were exposed to the EDI EDP Model in order to help replicate it with modifications to suit their local situations.

The participants have prepared action plans for their respective countries and the role they will play in facilitating the growth and spread of women entrepreneurs in their regions.

my on job priorities" ? "How do I manage my time ? Am I using my talent and skill or and bogged down in routine ?"

"Do I encourage people to come to me and speak fearlessly their viewpoint and ideas?" "How accepting I am to my subordinates' suggestions ?" "To what extent do I help my people to be more productive?" "There are no set rules to make yourself and your organisation productive except by constantly asking questions to yourself and stimulating your people to be more innovative. But first and foremost is your own inclination of openness to new ideas and changes.

The fifth point I would like you to ask yourself is, "DO YOU HAVE A CROWD OR A TEAM?"

The team, in my parlance, has wide connotations. It encompasses your family, your work place, your friend circle. The crowd is a distraction which no growing enter-

preneur can afford to have. What you need is team at all levels so that you can concentrate on your objectives and goals.

The sixth point is "ARE YOUR A MASTER OR VICTIM OF YOUR ORGANISATION?"

As your organisation grows there is an increase in tension; frustration, fear, worry and conflict. If you allow them to take over you; you lose the gain of the growth. What you need to develop is, the habit to take things calmly. To achieve this I would always prescribe that you have to have some diversions other than your routine organisational work. This will give you a respite from management stress. You have to learn that tensions, sometime great tensions, are now natural part of life and you will sooner or later need to develop your own system of constructive stress coping strategies that work for you.

The seventh point is "DO YOU STAND FOR SOMETHING OR FALL FOR ANYTHING?"

Take my words today. Every organisation, to last in the troubled

times has to have an ethical base. I would not like to deal this matter at length but leave to your discretion. I personally believe that an ethical base keeps you and your organisation tied to a long term goal and is an anchor which stands with you.

Lastly, if all things are equal, it is your sheer hard work that matters. Let new management experts say whatever they want to I am a workoholic and I think It has played an important role in my success. If you put in time for your job; you have time to go in to details and to be inquisitive, ask questions and learn yourself what your formal education has not taught you. It is the knowledge base which ultimately leads you to success. Let me once again put to you that there is no substitute or short cut to hardwork even if it means sometimes personal sacrifices.

**PERFORMANCE IMPROVEMENT PROGRAMME AT GOA**

On the request of Economic Development Corporation of Diu, Daman & Goa, the Institute organised a Performance Improvement Programme for existing entrepreneurs from Margoa and near by areas from May 19-27, 1990. The programme inputs covered Entrepreneurial Competencies as also critical operational areas such as marketing and finance. Inputs on expansion/diversification approach were also provided. Prior to the commencement of the programme, data was obtained from existing entrepreneurs through a well-designed questionnaire in order to assess the training needs of the entrepreneurs and make programme a need-based one. Ten participants attended the programme.

*Patience, hard work and ability to take quick decisions provide the ideal mix of ingredients to set-up and run an enterprise successfully.*

**Video film on : BUSINESS OPPORTUNITY SELECTION & GUIDANCE**

The Institute has brought out a video film on 'Business Opportunity Selection & Guidance' on VHS and Colour (Duration : 57 Minutes).

The film is made keeping in mind the trainer-motivators of Entrepreneurship Development Programmes who can counsel potential entrepreneurs for business opportunity identification and selection and also for entrepreneurs themselves who can understand the whole process of identifying and selecting the right business opportunity. The film is made in two parts. In Part-I, we have conceptualised the need and relevance of Business Opportunity Guidance through four live cases representing different target groups - Educated unemployed, Women, Experienced Salesmen and Rural Youth and Part - II counsels entrepreneurs with the help of B.O.G. experts through class-room training to assess the feasibility of the opportunity by linking it to one's own capabilities and resources for making the right decision.

The main objectives of the film are :

\* To create awareness and understanding of the need and importance of systematically identifying and selecting entrepreneurial (business) opportunities.

\* To develop right understanding of the process of selecting opportunity and various factors

responsible for good / bad selection of project.

\* To impart requisite knowledge (to entrepreneurs) for screening environment, exploring various sources of information, evaluating and analysing the project and employing effective means and ways to select the most appropriate one.

\* To guide entrepreneurs regarding "Dos & Don'ts" on 'Business Opportunity Selection'.

\* To provide project ideas based on different sources of identifying opportunities.

The film is available with Publicity, Publication & Promotion Dept. of the Institute at Rs. 750/- per copy.



Mr. Ramesh P. Dave, faculty member, of the Institute has taken over as executive director, Institute of Entrepreneurship Development, Bihar (Patna).

**EDI PUBLICATIONS & AUDIO VISUALS Publications**

1. Entrepreneurship Development Programme in India & Its Relevance to Developing Countries - V.G.Patel Pg. No. 97 Rs. 130/- US \$ 25
2. Developing New Entrepreneurs Pg. No. 226. Rs. 200/- US \$ 40
3. Self-made Impact Making Entrepreneurship -Gautam R. Jain & M. Akbar Ansari (Research team) Pg. No. 220 Rs. 250/- US \$ 45
4. National Directory of Entrepreneur Trainer- Motivators (1989) Rs. 80/-
5. Entrepreneurship Bibliography Rs. 55/- US \$ 11
6. Strategy of Success in Business and Industry (Hindi) - V.G.Patel, 1975, Pg. 153, Price : Rs. 50/-

**Papers**

1. Potentials of Ex-Servicemen for Entrepreneurship : A Study -Gautam R. Jain, 1989, Pg. 53, Rs. 48/-
2. Course for Entrepreneurial Succession in Family Business: A Feasibility Study - Gautam R. Jain, 1989, Pg. 46 Price: Rs. 43/-
3. The Missionaries - A Study of Entrepreneur Trainer - Motivators in India - Dinesh Awasthi 1989, Pg. 85 Price :Rs. 72/-
4. Proceeding of National Workshop on Developing Reserach Agenda on Entrepreneurship - Gautam R. Jain & Dinesh Awasthi, 1989, Pg. 97 Price : Rs. 81/-

**Video Cassettes**

1. Five Success Stories of First Generation Entrepreneur Rs. 1000/- US \$ 100
2. Assessing Entrepreneurial Competencies Rs. 1000/- US \$ 100
3. Business Opportunity Selection and Guidance Rs. 750/- US \$ 75