

Entrepreneur

Joseph Schumpeter: An Entrepreneur is one who seeks to reform or revolutionise the pattern of production by exploiting an innovation or more generally an untried technology and the possibility for producing a new commodity or producing an old one in a new way by opening up a new source of supply of material or new outlet of products. Thus, an entrepreneur is one who innovates, raises money, collects inputs, organises talent, provides leadership and sets the organisation in proper order.

Features / Characteristics / Nature of an Entrepreneur -

- Mental Ability
- Clear objectives
- Human Relation Ability
- Communication Ability
- Technical knowledge
- Initiator
- Persistent Problem Solver
- Motivator
- Risk Taker
- Leadership

Functions of an Entrepreneur -

- └ Primary functions
- └ Secondary functions

Primary functions are:-

- Risk Bearing Capacity - Entrepreneur assumes all possible risks of business. A business risk also involves the risk due to the possibility of changes in the tastes of consumers, techniques of production and new inventions.
- Decision Making - He has to decide nature and type of goods to be produced. He enters the particular industry which offers him the best way, products which helps to increase profits.
- Innovation - He conceives the idea for the improvement in the quality of production line. considers the economic viability and technological feasibility.
- Capital formation - It mobilises the idle savings of the public through the issues of industrial securities, so, capital will increase which is essential for rapid economic growth.
- Creation of Employment - This generates employment opportunities directly and indirectly.
- Improvement in Standard of Living - By increase in employment, introduce in new products, large scale of manufacturing products, small scale production

Secondary functions are:-

- Diversification of product
- Expansion of the enterprise
- Tackling labor problem
- Maintaining cordial relationship b/w employee and employer
- Coordination with outside agencies

Intrapreneur

He is a person who focuses on innovation and creativity and who transforms a dream or an ideal into a profitable venture by operating in the organisational environment.

Entrepreneur

- A manager - Own boss
- Takes own decisions
- Uncertain and unlimited rewards

Intrapreneur

- Salaried Employee
- Executes decision
- Fixed Rewards and fixed salary

Entrepreneur

- He sets up a new venture
- Assumes risk of uncertainty involved in the enterprise.
- Reward is profits
- Applies innovation from time to time in an enterprise.

Manager

- He does not take a new venture and he renders services in an existing enterprise.
- Does not assume risk involved in enterprise.
- Reward is salary.
- Keeps running enterprise on already established lines on a routine basis.

Entrepreneurship

It is a purposeful activity of an individual or a group associated individuals, undertaken to initiate, maintain or organise a profit-oriented business unit for the production or distribution of economic goods and services.

Characteristics of Entrepreneurship -

- Creative ability
- Innovation of Ideas
- Risk Bearing Capacity
- Leadership ability
- Gap filling
- Organisational ability

Scope of Entrepreneurship -

- Socialist Economy
- Capitalist Economy
- Mixed Economy.

Role & Importance of Entrepreneurship on Indian Economy.

- Increase in national Income
- Balanced Regional Development
- Knowledge & Awareness Increase
- Increase in Standard of living
- New Product / Services / Business in Market
- Creating Innovation
- Production Evolution Process.

Theories of Entrepreneurship

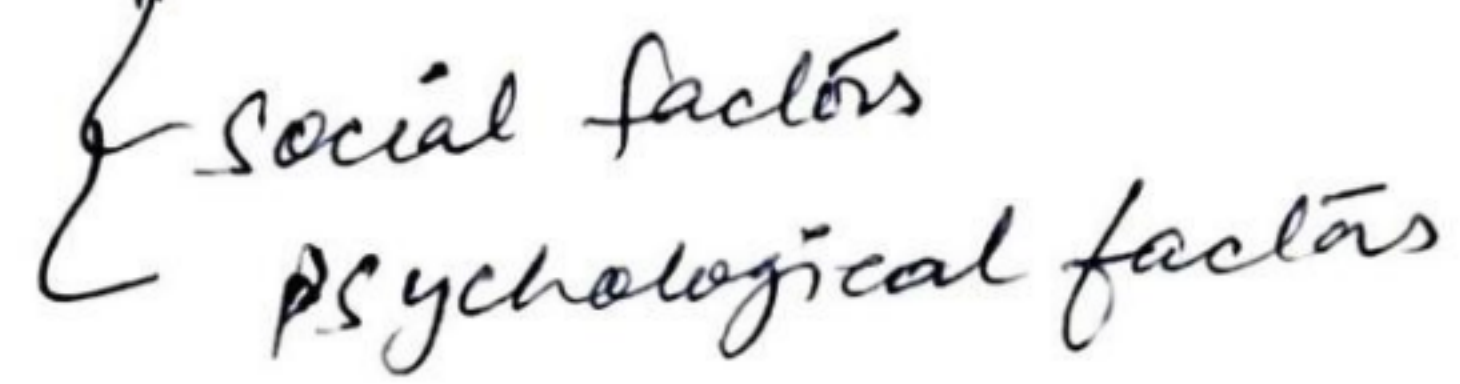
- (1) Economic Theory - when an individual recognises that the market for a product or service is out of equilibrium, he may purchase or produce that at the prevailing price and sell to those who are prepared to buy at the highest price.
- (2) Psychological Theory - Belief that true power for generating and growing any enterprise is just 5% technology and 95% psychology.
Acc. to David McClelland (1961) it is the high need for achievement which drives people towards entrepreneurial activities.
- Need of power - held control, authority
 - Need of achievement - urge to achieve something
 - Need of Affiliation - urge of person to have social relation with other person, friendly, long lasting.
- (3) Sociological Theory - Entrepreneur represents society's model personality. His performance depends upon his own attitudes towards his occupation, the role expectations of sanctioning groups and the occupational requirements of the job.
- (4) Cultural Theory - This theory depends on the cultural values, role expectations and social sanctions. It possesses social, cultural values and norms as a part of his own thoughts and deeds.

Factors affecting Entrepreneurial Growth

(1) Economic factors



(2) Non Economic factors



Assignment Problem

Maximization Problem

Convert it into a minimization problem by subtracting all the elements from the largest element.

Phase I Row and Column Reduction

Step 1 Select highest value in matrix for current max. problem to minimization problem.

Step 2 Select lowest value in row for row reduction.
Select lowest value in column for column reduction.

Phase II Optimisation

Step 1: Draw a min no. of lines to cover all the zeros of matrix.

(a) Row Scanning / Repeat the procedure
Column Scanning

Check whether all the zeros are covered
 \bar{c} lines

If Yes - Go to next step

If No - Select the zeros diagonally opposite to each other.

Step 3 - No. of squares marked = No of Rows

If Yes, treat the solution as marked by the squares as the optimal solution.

If No - Go to Step 4

step 4 - Identify the min. values of the undeleted cell values.

- Copy - all deleted values except intersecting pts.
- Add - least no. at intersecting pts.
- Subtract - least no. from undeleted values.

Go to step 2

again do min no. of lines to
cover all zeros by row scanning &
column scanning.

Solve the following Assignment Problem —

	J_1	J_2	J_3
P_1	10	20	30
P_2	20	10	40
P_3	50	30	20

Phase I

① Row Reduction Select min no.

② Column Reduction Select min no.

Phase II

Optimisation

① Row Scanning

② Column Scanning

①

10	20	30
20	10	40
50	30	20

②

0	10	20
10	0	30
30	10	0

No. of Marked Squares = No. of Rows & Columns
3 = 3

$$\begin{array}{rcl}
 P_1 & = & J_1 \quad 10 \\
 P_2 & = & J_2 \quad 10 \\
 P_3 & = & J_3 \quad 20 \\
 & & \hline
 & & 40 \text{ Ans.}
 \end{array}$$

* Solve the following Problem by Hungarian Method —

		Jobs			
		J_1	J_2	J_3	J_4
Man	1	12	30	21	15
	2	18	33	9	31
	3	44	25	24	21
	4	23	30	28	14

Phase I

Row Red.

Column Red.

Phase II

RS

CL

Total Cost
 12 J_1
 25 J_3
 9 J_2
 14 J_4
 60 Ans.

①

0	18	9	3
9	24	0	22
23	4	3	0
9	16	14	0

②

0	14	9	3
9	20	0	22
23	0	3	0
9	12	14	0

$4 = 4$

Solve the following assignment problem to maximize sales -

	I	II	III	IV
A	45	38	30	22
B	35	29	20	14
C	35	29	20	14
D	27	20	15	10

Select highest No. in first row matrix.

①

0	7	15	23
10	16	25	31
10	16	25	31
18	25	30	35

Phase I
Now Row Reduction
Select least value

②

0	7	15	23
0	6	15	21
0	6	15	21
0	7	12	17

Now Column Reduction
Select least value in columns

③

0	1	3	6
0	0	3	4
0	0	3	4
0	1	0	0

Phase II
• Row Scanning
• Column Scanning

3 sq. marked \neq 4 RC

here 3 is min value of undeleted values.

④

0	1	0	3
0	0	0	1
0	0	0	1
3	4	0	0

Again
Row Scanning
&
Column Scanning
Now again
RS
CS

skip if more than one zero

Now do select zeros diagonally opposite to each other.

	I	II	III	IV
A	0	1	0	3
B	0	0	0	1
C	0	0	0	1
D	3	4	0	0

Starting \bar{c} Row scanning

4 Squares marked = 4 RC

Now find out maximum sales profit -

$$45 + 29 + 20 + 10 = \underline{104} \text{ Ans.}$$

$$A = \text{I}$$

$$B = \text{II}$$

$$C = \text{III}$$

$$D = \text{IV}$$

Indian Economy

1 COMMENT

The economy of India is characterized as a developing market economy. It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). According to the IMF, on a per capita income basis, India ranked 142nd by GDP (nominal) and 119th by GDP (PPP) per capita in 2018. Post 1991 economic liberalisation, the free market oriented reforms propelled India to achieve 6% to 7% annual average GDP growth. From 2014 to 2019, India's economy was the world's fastest growing major economy, surpassing China.

The long-term growth perspective of the Indian economy remains positive due to its young population and corresponding low dependency ratio, healthy savings and investment rates, and is increasing integration into the global economy. Despite previous reforms, economic growth is still significantly slowed by bureaucracy, poor infrastructure, policy uncertainty, agricultural mismanagement, inflexible labor laws, and complex land acquisition process.

The economy slowed in 2017, due to shocks of "**demonetization**" in 2016 and introduction of Goods and Services Tax in 2017. Nearly 60% of India's GDP is driven by domestic private consumption and continues to remain the world's sixth-largest consumer market. Apart from private consumption, India's GDP is also fueled by government spending, investment and exports. In 2018, India was the world's tenth-largest importer and the nineteenth-largest exporter. India has been a member of World Trade Organization since 1 January 1995. It ranks 77th on Ease of doing business index and 58th on Global Competitiveness Report. With 510-million-workers, the Indian labour force is the world's second-largest as of 2018.

India's largest trading partners are China, USA, UAE, Saudi Arabia, Switzerland, Germany, Hong Kong, Indonesia, South Korea, and Malaysia. In 2018-19, the foreign direct investment (FDI) in India was \$64.4 billion with service sector, computer, and

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India's largest trading partners are China, USA, UAE, Saudi Arabia, Switzerland, Germany, Hong Kong, Indonesia, South Korea, and Malaysia. In 2018-19, the foreign direct investment (FDI) in India was \$64.4 billion with service sector, computer, and telecom industry remains leading sectors for FDI inflows. India has free trade agreements with several nations, including ASEAN, SAFTA, Mercosur, South Korea, Japan and few others which are in effect or under negotiating stage.

The service sector makes up 55.6% of GDP and remains the fastest growing sector, while the industrial sector and the agricultural sector employs majority of the labor force. The Bombay Stock Exchange and National Stock Exchange are one of the world's largest stock exchanges by market capitalization. India is the world's sixth-largest manufacturer, representing 3% of global manufacturing output and employs over 57 million people. It has the world's eighth-largest foreign-exchange reserves worth \$430 billion. India has a high national debt with 70% of GDP, while its fiscal deficit remained at 3.4% of GDP. India's government-owned banks faced mounting bad debt, resulting in low credit growth, simultaneously the NBFC sector has been engulfed in a liquidity crisis.

The Indian textiles industry is estimated at \$150 billion and contributes 7% of industrial output and 2% of India's GDP while employs over 45 million people directly. The Indian IT industry is a major exporter of IT services with \$180 billion in revenue and employs over four million people. India's telecommunication industry is the world's second largest by number of mobile phone, smartphone, and internet users. It is the world's tenth-largest oil producer and the third-largest oil consumer.

The Indian automobile industry is the world's fourth largest by production. It has \$672 billion worth of retail market which contributes over 10% of India's GDP and has one of world's fastest growing e-commerce markets. India has the world's fourth-largest natural resources, with mining sector contributes 11% of the country's industrial GDP and 2.5% of total GDP. It is also the world's second-largest coal producer, the second-largest steel producer and the third-largest electricity producer.

Scope of Indian Economy

1 COMMENT

1. Economic and population growth

India is the world's seventh-largest economy, sitting between France and Italy. Its GDP growth recently dipped to 5.7%; still, India is growing faster than any other large economy except for China. By 2050, India's economy is projected to be the world's second-largest, behind only China.

India is home to 1.34 billion people – 18% of the world's population. It will have overtaken China as the world's most populous country by 2024. It has the world's largest youth population, but isn't yet fully capturing this potential demographic dividend – over 30% of India's youth are NEETs (not in employment, education or training), according to the OECD.

2. Some progress tackling corruption

The newly-published 2017 edition of the World Economic Forum's Global Competitiveness Report finds that, once again, India's executives consider corruption to be the most problematic factor they face when doing business within the country.

But it also shows that progress is being made. India again moves up the report's rankings for the quality of institutions, continuing a recovery in this area that began in 2014 with the election of the Modi government. In particular, India now ranks an impressive 23rd among all countries in the Global Competitiveness Index for perceived efficiency of public spending.

3. India's 29 states are now a common market

The new system is expected to boost efficiency, growth, and India's tax take. Despite some technical glitches with the online tax collection system, early signs appear promising.

4. Demonetization had mixed success

Last year, Prime Minister Modi unexpectedly declared that India's highest-denomination banknotes – accounting for 86% of cash – would no longer be legal tender. Instead they had to be deposited in banks. The aim was to retrospectively punish tax evaders, as those with a stash of 'black money' would face awkward questions. Unexpectedly, however, almost all banknotes were deposited.

Disruption caused by the policy may have dampened GDP growth in the short-term, but it could also prove to have long-term benefits. It increased the number of digital transactions being conducted within India's economy, which are easier to track and to tax: since April, over twice as many Indians have filed tax returns than in the same period last year.

5. Growth needs to be more inclusive

Broadening its tax base should enable India to make much-needed progress in increasing the inclusivity of its economic growth. India ranked a disappointing 60th among the 79 developing economies assessed in the World Economic Forum's latest Inclusive Development Index.

This is reflected in growing inequality: India's richest 1% own 53% of its wealth, up from 36.8% in 2000. For comparison, the richest 1% in the United States own 37.3% of its wealth.

The rise in inequality is compromising the pace at which India is lifting people out of extreme poverty. About one-third of the world's population living on under US\$1.90 live in India – some 224 million people. Oxfam calculates that if India were



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