

UNIT – III

STARTING A SMALL INDUSTRY

Concept of Business Opportunity:

A business opportunity, in the simplest terms, is a packaged business investment that allows the buyer to begin a business. (Technically, all franchises are business opportunities, but not all business opportunities are franchises.) Unlike a franchise, however, the business opportunity seller typically exercises no control over the buyer's business operations. In fact, in most business opportunity programs, there's no continuing relationship between the seller and the buyer after the sale is made.

Business opportunities are difficult to define because the term means different things to different people.

a business opportunity law defines the term in the same manner, most of them use the following general criteria:

- A business opportunity involves the sale or lease of any product, service, equipment and so on that will enable the purchaser-licensee to begin a business.
- The licensor or seller of a business opportunity declares that it will secure or assist the buyer in finding a suitable location or provide the product to the purchaser-licensee.
- The licensor-seller guarantees an income greater than or equal to the price the licensee-buyer pays for the product when it's resold and that there's a market present for the product or service.
- The initial fee paid to the seller to start the business opportunity must be more than \$500.
- The licensor-seller promises to buy back any product purchased by the licensee-buyer in the event it can't be sold to prospective customers of the business.
- Any products or services developed by the seller-licensor will be purchased by the licensee-buyer.
- The licensor-seller of the business opportunity will supply a sales or marketing program for the licensee-buyer that many times will include the use of a trade name or trademark.

These are the most common types of business opportunity ventures:

Distributorships. A distributorship involves entering into an agreement to offer and sell the product of another, without being entitled to use the manufacturer's trade name as part of the agent's trade name. Depending on the agreement, the distributor may be limited to selling only that company's goods or may have the freedom to market several different product lines or services from various firms.

Rack Jobbing. This involves selling another company's products through a distribution system of racks in a variety of stores that are serviced by the rack jobber. In a typical rack-

jobbing business opportunity, the agent or buyer enters into an agreement with the parent company to market their goods to various stores by means of strategically-located store racks. Under the agreement, the parent company obtains a number of locations in which it places racks on a consignment basis. It's up to the agent to maintain the inventory, move the merchandise around to attract the customer, and do the bookkeeping. The agent presents the store manager with a copy of the inventory control sheet, which indicates how much merchandise was sold, and then the distributor is paid by the store or location that has the rack, less the store's commission.

Vending Machine Routes. These are very similar to rack jobbing. The investment is usually greater for this type of business opportunity venture since the businessperson must buy the machines as well as the merchandise being sold in them, but here the situation is reversed in terms of the payment procedure. The vending machine operator typically pays the location owner a percentage based on sales. The secret to a route's success is to get locations in high-traffic areas and as close to one another as possible. If your locations are spread far apart, you waste time and traveling expenses servicing them, and such expenses can spell the difference between profit and loss.

Scanning The Environment For Opportunities :

Organizational environment consists of both external and internal factors. Environment must be scanned so as to determine development and forecasts of factors that will influence organizational success. Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment. It helps the managers to decide the future path of the organization. Scanning must identify the threats and opportunities existing in the environment. While strategy formulation, an organization must take advantage of the opportunities and minimize the threats. A threat for one organization may be an opportunity for another.

Internal analysis of the environment is the first step of environment scanning. Organizations should observe the internal organizational environment. This includes employee interaction with other employees, employee interaction with management, manager interaction with other managers, and management interaction with shareholders, access to natural resources, brand awareness, organizational structure, main staff, operational potential, etc. Also, discussions, interviews, and surveys can be used to assess the internal environment. Analysis of internal environment helps in identifying strengths and weaknesses of an organization.

As business becomes more competitive, and there are rapid changes in the external environment, information from external environment adds crucial elements to the effectiveness of long-term plans. As environment is dynamic, it becomes essential to identify competitors' moves and actions. Organizations have also to update the core competencies and internal environment as per external environment. Environmental factors are infinite, hence, organization should be agile and vigilante to accept and adjust to the environmental changes. For instance - Monitoring might indicate that an original forecast of the prices of the raw materials that are involved in the product are no more credible, which could imply the requirement for more focused scanning, forecasting and analysis to create a more trustworthy prediction

about the input costs. In a similar manner, there can be changes in factors such as competitor's activities, technology, market tastes and preferences.

While in external analysis, three correlated environment should be studied and analyzed —

- immediate / industry environment
- national environment
- broader socio-economic environment / macro-environment

Examining the industry environment needs an appraisal of the competitive structure of the organization's industry, including the competitive position of a particular organization and its main rivals. Also, an assessment of the nature, stage, dynamics and history of the industry is essential. It also implies evaluating the effect of globalization on competition within the industry. Analyzing the national environment needs an appraisal of whether the national framework helps in achieving competitive advantage in the globalized environment. Analysis of macro-environment includes exploring macro-economic, social, government, legal, technological and international factors that may influence the environment. The analysis of organization's external environment reveals opportunities and threats for an organization.

Strategic managers must not only recognize the present state of the environment and their industry but also be able to predict its future positions.

5 Steps to Evaluating Business Opportunities:

Whether you're starting a small business from scratch or purchasing an existing company or franchise, you need to take steps to evaluate the business's potential and your abilities to make it work. According to the Small Business Administration, your investigation must be thorough, analyzing the risks and benefits of the opportunity. Review the potential and the pitfalls inherent in the business to make an informed decision and increase your chances of success.

- **Self-Analysis**

According to the Arkansas Small Business Development Center, most small businesses fail because of poor management and the owner's inability to manage resources. Before you even start researching the feasibility of your idea and the market you plan on entering, evaluate your own talents, desires and goals. Consider your willingness to take risks as well as the amount of time and energy you'll need to make the business a success. Review your financial, personnel and marketing skills as well to ensure you have the necessary background to make a success of your new venture.

- **Financial Components**

After learning about the investment required to purchase the existing business or franchise or the start-up costs you'll need initially, evaluate your own resources. Part of a financial assessment includes the amount you have in personal savings to add to the initial investment. Banks typically require entrepreneurs to come up with a portion of the investment to show good faith

and willingness to take a risk with the lender. Assess the financing available through the seller, investors and lenders when evaluating your chances of succeeding.

- **Market Research**

To thoroughly understand what you're getting into, perform an extensive market research project to determine the feasibility of your business. In addition to gleaning statistics of trends and current customer buying patterns, you need to know who your customers are, where they are located and what kind of competition exists in your area.

- **Risk Assessment**

A complete evaluation of a business opportunity includes a risk assessment. An honest appraisal of the potential risks inherent in your new business can help you prepare for possible problems and decide whether the risks are worth the investment. Details you need to consider in the risk assessment process include factors that could negatively affect your business, such as the general state of the economy, weather events and your competition's competitiveness. Internal considerations should include your own health, the level of credit available to you and the number and type of employees you'll need to hire to run the business efficiently.

- **Support**

Finally, evaluate the amount of support you expect to receive from your family and the community. You'll most likely spend an inordinate amount of time in the initial stages of opening your new business, which could affect your family relationships. Outside hobbies and commitments may need to be curtailed for some time. Attitudes and cultural preferences in your community can impact your ability to grow and sustain your business. Evaluate your standing on all these fronts to ensure you've got the necessary support to be successful.

Steps To Start A Small Scale Industry :

PRODUCT IDENTIFICATION :

PRODUCT IDENTIFICATION The overriding reason for anyone to think of establishing a SSI unit can be summarised in one word - OPPORTUNITY. If one can see an opportunity to provide a product or service in a manner to generate sufficient surplus, then one way is to start up a SSI unit. This is the first step towards setting up a industry and is called...

FORM OF OWNERSHIP :

FORM OF OWNERSHIP SOLE PROPRIETORSHIP FAMILY OWNERSHIP PARTNERSHIP This is the entrepreneur's personal decision.

Location of unit :

Location of unit PROXIMITY TO SOURCE OF RAW MATERIALS NEARNESS TO THE MARKET GENERAL BUSINESS CLIMATE OF THE REGION CLIMATE AND ENVIRONMENTAL FACTORS

APPROVALS :

APPROVALS Every SSI unit has to comply with various regulations in force. These include regulatory, taxation, environmental and certain product specific clearances.

APPROVALS :

APPROVALS Licensing in the Industries sector is governed by the licensing exemption notification issued by Govt. of India in July 25 1991 under the Industries (Development and Regulation) Act, 1951. In SSI, there are virtually no licensing restrictions. No industrial license is required except in case of 6 product groups included in compulsory licensing (These products groups mainly cover products that can only be made in large sector)

APPROVALS :

APPROVALS But if a small-scale unit employs less than 100 workers with/without power then it would not require a license from the Govt. of India even for the 6 product groups covered in licensing under Schedule II of the notification

CLEARANCES :

CLEARANCES An entrepreneur has to obtain several clearances or permissions depending upon the nature of his unit and products manufactured

Clearances :

clearances Regulatory or Taxation Clearances Registration under Sales Tax Act - Commercial Tax officer of area concerned Registration under Central Excise Act - Collector of Central Excise or his nominee for area Payment of Income Tax - ITO of the area concerned Registration of Partnership deed - Inspector General of area concerned Calibration of weights & measures - Weights and Measures Inspector of State Power Connection - Designated Officer of State Electricity Board Employee strength exceeding 10 with power connection or 20 without power - Chief Inspector of Factories

Arrangement of finance :

Arrangement of finance FIXED CAPITAL : THE FINANCE REQUIRED FOR SETTING UP INFRASTRUCTURE LIKE LAND, BUILDINGS, MACHINERY ETC.. This can be generated by... PARTNERSHIP BANK LOANS

ARRANGEMENT OF FINANCE :

ARRANGEMENT OF FINANCE WORKING CAPITAL: It is necessary for buying raw materials and recurring expenditure. It hugely depends on the financial position of the firm.

Starting production :

starting production After the basic trial runs, commercial production has to begin with proper quality checks in place.

Marketing the product :

Marketing the product This is the last but the most important step in realizing the business ambition. No business is complete without selling the products and ensuring that the revenues flow into the organisation. Marketing is the prime way to enhance the business and the best way to survive in this competitive world.

INTRODUCTION TO SMALL SCALE INDUSTRY

THE SSI (SMALL SCALE INDUSTRY) today is immense for the growth of the country. Small scale industries are the industries which are run with the help of their labours and which also use some simple machine and power.

The investment scale in this industry from 50 lakh to 1 crore for fixed assets. Irrespective number of worker engaged is small scale industry unit.

In India these type of industries are permitted to meet with the problem of excess population and unemployment so the government of India prate entrepreneur to step up small scale industries by aiding him by giving loans, land ,guidance etc .The strategy adopted by the government is:-

- Public enterprenship should remain confined only to those industries and sector where private enterprise, individual or cooperate, is generally not attracted. Existing public entrepreneurship be improved through better management and by putting relative greatly emphasis on research and development. There is need to streamline the R&D wing of public sector enterprise.
- All possible efforts be made very seriously (not casualty) for the development of an industrial culture. It should be realize that the central core of entrepreneurship is the motive force since by its very nature, entrepreneurship implies positive action and individual with the right kind of combination of ability can pursue their goal with unlimited courage and enthusiasms.
- There is need to development management education and industrial training.
- The development of backward region / area constitutes a new challenge. Program for their development be drawn up and should be effective implemented.
- Adequate measure is a must for mobilizing & casting the entrepreneurs talent in the country .In this context, it should be realized that entrepreneurs are not the grief of a particular classes.
- Economic administration by the state should be improved and made more effective so that economic policy may be fully achieve their objective in the overall interest of economy.
- Financial institute should provide adequate and timely credit and timely create and technical assistance, especially to the small and medium sized enterprise. They may also

impart knowledge about the need of economy and they should file their massive data in term of growth of new entrants or entrepreneurs in the field of industry.

HOW TO START A SMALL SCALE INDUSTRY

The steps involved in starting a small-scale industry are:-

- Conduct Market Survey and Study the products as regards their demand in the market. Check whether it is a seasonal product or it has demand throughout the year.
- 1. Study similar products available in the market that can be probable competitors. Analyze them as regards their utility, quality and cost.
- 2. Find whether the product can be exported.
- 3. Explore the possibility whether some product can be manufactured in collaboration with a foreign country. This provides readymade technical know how and save a lot of time and money otherwise wasted in developing a suitable method of manufacture.
- 4. ***Decide the product that you are going to manufacture, on the basis of:-***
 - - Market Survey
 - Financial implication involved
 - Technical know how available
 - Experience in the line, etc.
- Select a proper site for locating the unit.
- Take a building for factory on hire or construct your own factory building.
- Get yourself conversant with the rules and other information available from small-scale industries, Ministry of Industry, New Delhi.
- ***Prepare a scheme in detail to manufacture the selected product such a scheme should include the requirement of and the approximate cost of:-***
 1. Land and building
 2. Machinery, tools and other equipment
 3. Direct labour
 4. Indirect labour
 5. Direct material cost
 6. Indirect material cost
 7. Selling and distribution overheads
 8. Working Capital for a unit time
 9. Depreciation
 10. Total production cost per unit time
 11. Percentage of profit.

- The scheme after it has been prepared is sent, for approval to the Directorate of Industries of the particular state.
- ***A small scale unit has to get itself registered with the Directorate of industries in order to avail various facilities provided by the government, such as:-***
 1. Financial assistance
 2. Raw materials water and power
 3. Import license
 4. Factory accommodation
 5. Government order

FINANCIAL REQUIREMENT

Since independence government of India has been giving all possible encouragement of SSI. A number of organizations have been set up by the government of India to provide assistance and incentive to small scale industry. These packages of assistance are providing to SSI by a large number of organization operative at national and state level. Development program are being carried out at two level

- a) National level
- b) State level

AGENCIES WHICH WORK AT NATIONAL LEVEL ARE:-

- a) Small scale industrial board (SSIB)
- b) Small scale industries development organization
- c) National small scale Industrial Corporation.

AGENCIES WHICH WORK AT STATE LEVEL ARE:-

- a) State directorate of industries
- b) District industrial center (DIC).
- c) State small industrial corporation (SSIC).
- d) State financial corporation.
- e) Commercial bank.
- f) Small industries development bank of India (SIDBI).

NATIONAL LEVEL SSIB

It is all advisory body and comprises state government ministry office and representative of several institution & association. Its functioning is to plan, advice and coordinate the activities of center and state government. As such it does not render direct help to entrepreneur. However, it helps to government in involving new polices and program for small scale sector.

Small Industrial Development Organization (SIDO)

Its headquarter at Nirman Bhavan, New Delhi headed by the development commissioner (SSI) has a network of small industries Service Institute (SISIs) one in each state which help In economical, technical, industrial information services, management casualty services, training & marketing.

NSIC

Its headquarter at New Delhi & regional office at Kolkata, Mumbai, Chennai, Guwahati etc.

Facilities provided:-

Supply of machine and equipment on hire purchase

- 1.) Distribution of scare raw material imported components.
- 2.) Marketing assistance
- 3.) Assistance to SSI in securing order for railway and defense.
- 4.) Operating a credit guarantee scheme for those units which are registered within.

State financial corporation

Almost every state has its own financial cooperation to provide machine and long term loans small and medium sale industries. Amount of loan varies from Rs. 5000 to Rs. 6. lakhs and these are repayable in equal installments spread over a period of 10-12 years.

Important schemes of financing SFC are

1. A loan scheme for financing of village and cottage industries. Under this scheme they are financed to the extent of Rs. 25,000 and the interest rate is very low.
2. Assistance to tiny units – these grant assistance up to Rs. 2.00 lakhs.
3. Scheme for technical entrepreneur – in order to encourage self employment these corporation provide financial assistance up to Rs.2.00 lakhs at very low interest rate to such technical entrepreneurs who have acquired a diploma or degree in any discipline of engineering .
4. Loans to hotel industry

5. Scheme for SC/ST –Grant financial assistance to SC/ST entrepreneurs at a nominal margin rates are charged at the rate of 10%.
6. Scheme for physically handicapped –these provide financial assistance up to Rs. 3.00 lakhs at a rate of 10%.

Commercial banks:

SBI and its subsidiary banks and other nationalized banks provide liberal term loans and working capital to small scale entrepreneurs and these loans are advanced for purchase of machine and material and to the technical entrepreneurs to encourage self employment. Specialized institute like, Central Institute of Tool Design, Hyderabad, Central Tool Room, Ludhiana and Kolkata, Central Institute of Hand Tool Jalandhar, Institute for Design of Electrical Measuring Instruments (IDEMI) Mumbai, Integrated Trading centre, Nilokhedi, National institute of small Industry Exton, Hydrabad and National Institute for Entrepreneurship and Small Business Development. They conduct special courses, programmers, Workshops, training programmers for the benefits of small scale industries.

Credit Support

Credit is the prime input for sustained growth of small scale sector and its availability continued to be a matter of concern. To provide credit support to the various SSI units various policies have been formulates by the GOI. Various institutes like SFC, SIDC, NISC, and SIDBI are providing financial supports to various SSI units.

Overviews of the steps taken by the GOI are:-

1. Composite loans limit raised from Rs. 10 lakhs to Rs. 25 lakhs.
2. In the National equity fund scheme (NEF) the project cost limits has been raised from Rs. 25 lakhs to Rs. 50 lakhs.
3. Soft loan limit restrained to 25% of the project cost.
4. Task Force is appointed by the Department of Economic Affairs to suggest revitalization/restructuring of the State financial Corporation.

Concept of Marketing:-

Studies reveal that different organizations have different perception of marketing and these different perceptions have led to the promotion of different concept of marketing. It is found that

at least 5 distinct concept of marketing have guided and are still guided business terms. **They are:**

1. Exchange concept.
2. Production concept.
3. Product concept.
4. Sales concept.
5. Marketing concept.

1. **Exchange concept:-** The exchange concept of marketing as the name indicates hold that the exchange of a product b/w the seller and a buyer is a central idea of marketing. But a proper scrutiny of the marketing would readily reveal that marketing is very much broader than exchange. The other important aspect of marketing such as concern for the customer, the generation of the venue satisfaction, the creative selling and integrated action for service the customer get completely overshadowed in this concept of marketing.
2. **Production concept: -** According to the production concept marketing is a merely related to production .They believe that marketing can be managed St by managing production. The concept hold that consumer would as a rule supported these product that are product in a great volume and allow unit cost organization voting for this concept are influenced by a drive to produce all that they can .They do achieve high production efficiency and a substantial reduction in the unit cost of production. Yet they often do not get customer as they expected. Customers after all are motivated by a verity consideration in their purchases. Easy availability and low cost are not only parameters governing the costumers buying action and the production concept thus fails to drive as the right marketing polices for the enterprise.
3. **Product concept: -** The product concept is somewhat stiff from the production concept where as the production concept seeks to win markets & profits via high volume of production and low unit cost of production. The product concept to seek to archive the same results via product excellence, improved product, new products and ideally design and engendered products. It also places emphasis on quality assurance. Origination that subscribes to the product concept of marketing believes that customer goods automatically vote for products of high quality they spent considerable energy. Time and money own research and development brings in a verity of new product. They do not bother to study the market and consumer in depth. They get totally embraced with the product and almost forget the customer for whom the product is actually meant. They fail to find what the customers actually needs and what they would gladly aspect.
4. **Sale concept: -** The sale concept maintains that a company cannot expect its product to get pick up automatically by the costumer. the company has to consciously promote and push its heavy advertisement, high power personal selling, large scale sale promotion, heavy price discount and strong publicity and public relation are the normal tool used by the organization that relay on the concept. Evidently the sale concepts too generate marketing myopia just as a exchange concept, production concept and product concept. Its lead to wrong or inadequate understanding of the market and consequently a total failure in the market place.
5. **Marketing Concept**

Importance of marketing to the society:-

- Marketing helps to achieve and maintain to rise the standard of living. Marketing bring new variety of good to the consumer and better and rigorous marketing gives soon for mass production. Under mass production, the cost of product is low. So, people can have more goods for their money, which results in high standard of living.
- Marketing increases employment opportunity.
- Marketing helps to increases national income.
- Marketing is a connecting link between consumer and producer.
- Marketing helps to maintain stability:- Economic stability is the sign of any efficient and dynamic economy and economy stability is maintained only when there is balance in supply and demand. If production is more then demand the excess goods cannot be sold at acceptable prices then stocks of goods would be picked up and there would be glut all the market in fall in price. Similarly, if production is less then demand price is shooting up resulting in higher price. In such a situation marketing maintains the economic stability by balancing production and consumption.

Steps in Marketing Management:-

1. Product planning
2. Sale Forecasting
3. Pricing Policy
4. Distribution Strategy
5. Role of Advertising (personal selling)
6. Quality

1. ***Product planning:-*** Product planning may be defined as “the act of marketing out and supervising the search, screening, development and commercialization of new product, modification of existing line.”

Product planning involves three important considerations

- The development and Induction of new ideas.
- The modification of exiting lines as may be required in term of changing costumer’s need and performance.

- The discontinuance of elimination of marginal or unprofitable product.

Product can be classified as:-

- Customer products
- Industrial products
- Defense products

Customer products:- goods design for use ultimately by the costumer or household and in such from they can be used with out commercial processing.

Industrial products:- goods which are designed to be sold primarily for use in producing goods destined to be sold primarily to the ultimate consumers.

2. *Sale Forecast Defined:* - a sales forecast is an estimate for the amount or unit sale for a specified future period under a purposed marketing plan or program.

As define by American marketing association it is “an estimate of sales in dollars or physical units for a specified future period under a purposed marketing plan or program and under an assumed set of economic and other forces outside the unit for which forecast is made.”

Marketing of proper sale forecast require an assessment of:-

- 1 The outside uncontrollable forces likely to influences the company sales.
2. The internal proposed changes in the marketing strategies and tactics of the company which are likely to affect the sale.

Sales forecast can be for a specified product line or can be for a market as a whole or for any portion of it. According to the time period, the sales forecast can be divided under three types-

1. *Short Run Forecasts:* - which generally extends from a few weeks to about six months or at most one year in future. Companies mostly do this as day-to-day forecasts for their production control needs and to plan for long term financial needs.

2. *Medium Range Forecasts:* - which extends from one year to about four years into future.

This type of forecasting is important for

- a) Estimating profits, budgeting expenses etc.
- b) Determining dividing policy
- c) Deciding rate of maintenance expenditure

d) Determining schedule of operation.

It is use full for the following purposes:-

a) Estimating inventory requirement

b) Providing adequate shipping facilities

c) Assessing production worker requirements.

d) Estimating working capital needs

e) Setting production runs for each product

f) Fining sales quotes be possible only if the costumer

3. ***Long Range Forecast:*** - Extending to least five years into futures and in case of really large organization extending over a longer period up to ten years or even more.

It is useful in following ways:-

1. Anticipating the magnitude and timing of capital expenditures required for new facilities in the future.

2. Determining probable trends and range of cash in flow from sales.

3. Estimating companies long range personnel needs.

4. Highlighting futures problems.

3. ***Pricing polices:*** - Pricing is a very critical decision. Pricing decision is not easy to make. Hence sound pricing polices must be adopted to ensure that the originations secure satisfactory profit. For pricing decision a marketing manager has to be familiar with economic concept useful in pricing decision. He has to consider various pricing factor which infusing price a part from cost such as costumer characteristics, the economical product characteristics, competitive environment and government control whenever applicable. The pricing of the product materially affected the demand for it as well as the origination competitive ability for expenditure if the quality of the product is to be improved this may are willing to pay higher price for it. Beside, if the product is not properly priced there might be reluctance from the channels of distribution.

4. ***Distribution Strategy:*** - distribution may be defined as an operation or a series of operation , which physically bring goods manufactured or produced by only particular manufactured into the hands of the final consumers to the users . Distribution strategies consist of distribution or subdividing the total products of a manufacturer on a geographical basis to various specific markets. There may be a state market, a National Market or even a worldwide market for the production while defining a strategy we have to deal with two aspects. First, is the organizational aspects, it

is concerned with how and through what channels we should distribute. For this general marketing policy is responsible for deciding the various channels for distribution. Secondly, is the operational aspect of distribution or the physical distribution, it is concerned with moving of goods from one place to other, including the warehousing storage and transportation costs as well includes. These aspects are some times described as “logistics of distribution”

Advertising: - To counter the market at National and International level the GOI set up various institutes like:-

- 1) Export Credit Guarantee Corporation Ltd. (ECGC)
- 2) State Trading Corporation. (STC)
- 3) Trade development Authority.
- 4) National Small Industries Corporation. (NSIC)

Organizational Structure of SSI: - There are 28 SISIs set up in State Capital and other industrial cities all over the country. ***The main activities of these institutions are as follows: -***

- Assistance/Consultancy of prospective entrepreneurs.
- Project profiles.
- Entrepreneurship development programmes.
- Motivational campaigns.
- Production index.
- Management development programmes.
- Energy conservation.
- Quality control and up gradation.
- Export promotion.
- Market surveys.
- Intensive technical assistance.

Organizations under SSI:-

- 1) Regional Testing Centers (RTCs)

2) Field Testing Stations (FTSs)

3) Tool Rooms / Tool Design Industries (TRs/TDs)

4) **Trading institutes:**

- National Institute of Small Industry Extension Training (NISIET)
- National Institute for Entrepreneurship and small business development (NIESBUD), New Delhi.
- Integrated Training Centre (Industries), Nilokhedi (Haryana).

Training Institutes:- All the three training institutes mentioned above are an autonomous body and are under the administrative control of the office of DC (SSI). Their objectives is to identify and motivate traditional /non traditional entrepreneurs and to provide training at National and International level .These institutes provide training by imparting seminars and workshops on topical issues . The integrated Training Centre (Industry), Nilokhedi is the only institute that imparts training to the junior field staff i.e. Investigators / SIPOs to expose to and educate them in the programmes and policies of development and promotion of small industries. At present its training consists of courses like

1) Rewinding of electric motors and house wiring.

2) Repair to diesel engine and agricultural water pumps.

3) Servicing and repair to automobiles (cars and scooters).

Feasibility Study

A feasibility study is performed by a company when they want to know whether a project is possible given certain circumstances. Feasibility studies are undertaken under many circumstances - to find out whether a company has enough money for a project, to find out whether the product being created will sell, or to see if there are enough human resources for the project.

- [feasibility study](#) will show the strengths and deficits before the project is planned or budgeted for. By doing the research beforehand, companies can save money and resources in the long run by avoiding projects that are not feasible.

Types of Feasibility Study

There are many different types of [feasibility studies](#); here is a list of some of the most common:

- **Technical Feasibility** - Does the company have the technological resources to undertake the project? Are the processes and procedures conducive to project success?

- **Schedule Feasibility** - Does the company currently have the time resources to undertake the project? Can the project be completed in the available time?

- **Economic Feasibility** - Given the financial resources of the company, is the project something that can be completed? The economic feasibility study is more commonly called [the cost/benefit analysis](#).

- **Cultural Feasibility** - What will be the impact on both local and general cultures? What sort of environmental implications does the feasibility study have?

- **Legal/Ethical Feasibility** - What are the legal implications of the project? What sort of ethical considerations are there? You need to make sure that any project undertaken will meet all legal and ethical requirements before the project is on the table.

- **Resource Feasibility** - Do you have enough resources, what resources will be required, what facilities will be required for the project, etc.

- **Operational Feasibility** - This measures how well your company will be able to solve problems and take advantage of opportunities that are presented during the course of the project

- **Marketing Feasibility** - Will anyone want the product once its done? What is the target demographic? Should there be a test run? Is there enough buzz that can be created for the product?

- **Real Estate Feasibility** - What kind of land or property will be required to undertake the project? What is the market like? What are the zoning laws? How will the business impact the area?

Feasibility study comprises the following steps.

1. **Information assessment:** Identifies [information](#) about whether the system helps in achieving the objectives of the organization. It also verifies that the system can be implemented using new technology and within the budget and whether the system can be integrated with the existing system.
2. **Information collection:** Specifies the sources from where information about software can be obtained. Generally, these sources include users (who will operate the software), organization (where the software will be used), and the software development team (which understands user requirements and knows how to fulfill them in software).
3. **Report writing:** Uses a feasibility report, which is the conclusion of the feasibility study by the software development team. It includes the recommendations whether the

software development should continue. This report may also include information about changes in the software scope, budget, and schedule and suggestions of any requirements in the system.

4. **General information:** Describes the purpose and scope of feasibility study. It also describes system overview, project references, acronyms and abbreviations, and points of contact to be used. **System overview** provides description about the name of the organization responsible for the software development, system name or title, system category, operational status, and so on. **Project references** provide a list of the references used to prepare this document such as documents relating to the project or previously developed documents that are related to the project. **Acronyms and abbreviations** provide a list of the terms that are used in this document along with their meanings. **Points of contact** provide a list of points of organizational contact with users for information and coordination. For example, users require assistance to solve problems (such as troubleshooting) and collect information such as contact number, e-mail address, and so on.
5. **Management summary:** Provides the following information.
6. **Environment:** Identifies the individuals responsible for software development. It provides information about input and output requirements, processing requirements of the software and the interaction of the software with other software. It also identifies system security requirements and the system's processing requirements
7. **Current functional procedures:** Describes the current functional procedures of the existing system, whether automated or manual. It also includes the data-flow of the current system and the number of team members required to operate and maintain the software.
8. **Functional objective:** Provides information about functions of the system such as new services, increased capacity, and so on.
9. **Performance objective:** Provides information about performance objectives such as reduced staff and equipment costs, increased processing speeds of software, and improved controls.
10. **Assumptions and constraints:** Provides information about assumptions and constraints such as operational life of the proposed software, financial constraints, changing hardware, software and operating environment, and availability of information and sources.

11. **Methodology:** Describes the methods that are applied to evaluate the proposed software in order to reach a feasible alternative. These methods include survey, modeling, benchmarking, etc.
12. **Evaluation criteria:** Identifies criteria such as cost, priority, development time, and ease of system use, which are applicable for the development process to determine the most suitable system option.
13. **Recommendation:** Describes a recommendation for the proposed system. This includes the delays and acceptable risks.
14. **Proposed software:** Describes the overall concept of the system as well as the procedure to be used to meet user requirements. **In** addition, it provides information about improvements, time and resource costs, and impacts. Improvements are performed to enhance the functionality and performance of the existing software. Time and resource costs include the costs associated with software development from its requirements to its maintenance and staff training. Impacts describe the possibility of future happenings and include various types of impacts as listed below.
15. **Equipment impacts:** Determine new equipment requirements and changes to be made in the currently available equipment requirements.
16. **Software impacts:** Specify any additions or modifications required in the existing software and supporting software to adapt to the proposed software.
17. **Organizational impacts:** Describe any changes in organization, staff and skills requirement.
18. **Operational impacts:** Describe effects on operations such as user-operating procedures, data processing, data entry procedures, and so on.
19. **Developmental impacts:** Specify developmental impacts such as resources required to develop databases, resources required to develop and test the software, and specific activities to be performed by users during software development.
20. **Security impacts:** Describe security factors that may influence the development, design, and continued operation of the proposed software.
21. **Alternative systems:** Provide description of alternative systems, which are considered in a feasibility study. This also describes the reasons for choosing a particular alternative system to develop the proposed software and the reason for rejecting alternative systems.