

B.Com. (Hons.): Semester-II Paper BCH 2.4(a): ENTREPRENEURSHIP

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Topics covered

- Role of trade associations and self-help groups for promotion of entrepreneurship

Meaning of trade Association

- Trade associations have very long and interesting history in the world. The first trade associations were organised as guilds dating back to the middle ages.
- These groups were organised to promote the interests of their members ranging from craftsmen to students and largely replaced by religious fraternity that organised craftsmen from Roman time
- “Guild” is reference to the common fund of gold they maintained for their activities
- A trade Association also known as an industry trade group business association, sector association or industry body is an organisation founded and funded by business that operate in a specific industry
- An industry trade Association participate in public relation activities such as advertising, education, political donation, lobbying and publishing but its focus is collaboration between companies.
- Association may offer other services such as producing conferences, networking or charitable events or offering classes or educational material.
- Many associations are non-profit organisations governed by laws and directed by officers who are also members.

Trade Association can also be defined as “a voluntary organisation of independent business units in the same branch of industry which conducts co - operatively activities aimed at improving the welfare of the group, which does not deprive its members of the power to make essential managerial decisions.”

Need for trade Association

- Associations are formed by businesses which are engaged in same or similar trade. They are organised on a non-profit basis.
- Trade associations are formed for the protection and promotion of business interest of its members.
- The meetings of the trade associations generally discuss issues relating to the common interest of its members.

Common interest issues may relate to :

1. Taxation and taxation procedures
2. Raw material prices are shortages
3. Infrastructural issues as Roads, power, Telecom, ports etc.
4. Labour issue Labour Law

5. Unfair competition
6. Import and export issues
7. Emerging opportunities in business trade and Commerce

Features of trade Association

- It is a voluntary Association of member units
- They are non-profit earning associations not promoted with the commercial motive
- Associations are generally named after the nature of the trade or industry conducted by members
- Members continue to retain their individual identity
- Members units can remain completely independent, there is no interference by the association on the business affairs of its members
- The objective of trade Association is to promote the business interest of members, exchange views, serve as platform for discussion and to represent interest of its members

Objectives and functions of trade associations

The main function of trade association are-

- To educate members so as to improve efficiency
- To prevent cut throat or unfair competition
- To aim at promoting and extending trade through legislative works
- To provide market information to members with regard to customer preferences expectation and market opportunities
- To provide information relating to emerging business opportunities
- To render advise on technical matters and legal issues
- To secure cooperation and coordination among members
- To serve as a forum where members can settle their disputes
- To ensure that members do not indulge in unfair trade practice
- To provide references with regard to the reputation , credit worthiness of members
- To undertake advertisements to promote the industry
- To prescribe code of ethics with a view to promote ethical behaviour
- To represent members grievances to the government and seek redressal
- To conduct seminar or workshops on new legislation, the budget, International Business Development etc.
- To conduct market research and provide information to the members
- To send representations to serve on various committees and boards set up by the government

Advantages of trade Association

The following are the advantages of trade associations-

- It protects and promotes interest of its members
- It takes issues relating to the respective authorities for redressal and corrective action
- The associations serve as a forum for members to interact with each other
- Members discuss key issues, share knowledge about industry trends, customer preference best practice follow etc.
- Knowledge Sharing enables companies to implement appropriate measures and achieve efficiency and profitability
- Trade associations undertake research and development to innovate new products, processes and the fruits of research and development efforts of trade Associations benefit all the members.
- Trade association engage market research agencies IMR B, ORG-MARG etc. Market research on consumer preferences and Expectations and to find out the market potential
- They play an important role in settling and conflicts and disputes among members. They can use services of members who enjoy a good reputation to settle dispute between members
- Trade associations prevent members from indulging in unfair trade practices. They ensure that members do not engage in cut throat competition and promote the orderly development of the industry

Self Help Groups

- Self help group is a holistic programme of micro Enterprises covering all aspects of self-employment organisation of the rural poor into self help groups and their capacity building, planning of activity clusters, infrastructure build up, Technology, credit and marketing
- It Lays emphasis on activity clusters based on the resources and the occupational skills of the people and availability of markets
- Self help group Refers to self-governed, Peer controlled, informal group of people with same socio-economic background and having the desire to collectively perform common purposes
- Here poor people voluntarily come together to save whatever amount they can save conveniently out of their earnings, to mutually agree to contribute to a common fund and to lend to the members for meeting their productive and emergent needs
- Self help groups have been able to mobilise small savings either on weekly or monthly basis from persons who were not expected to have any savings
- They have been able to effectively recycle resources generated among the members for meeting the emergent credit needs of members of the group

- Self help group is an informal association to enhance the member's financial security as primary focus and other common interest of members area development, awareness, motivation, leadership, training and associating in other social intermediation programmes for the benefit of the entire community

Need of Self-Help Group (SHG)

- The very existence of self-help groups is highly relevant to make the new entrepreneurs hopeful and self-reliant
- self-help group enable them to increase their income and improve their production
- It act as catalyst for bringing this section of entrepreneurs to the main stream

Objectives of Self-Help Group (SHG)

Self-help groups are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of entrepreneur

It is the group of people that meet regularly to discuss issues of interest to them and to look at solutions of commonly experienced problems

The group may or may not be promoted by government or non-government institution

Following are some objectives of self-help group

- To inculcate the Savings and banking habits among members
- To secure them from financial, technical and moral strength
- To enable availing of loan for productive purposes
- To gain economic prosperity through loan or credit
- Gain from collective wisdom in organising and managing their own finance and distributing the benefits among themselves
- To sensitise women of target area for the need of self-help group and its relevance in their empowerment
- To create group feeling among entrepreneurs
- To enhance the confidence and capabilities of an entrepreneur
- To develop collective decision making
- To encourage habit of saving and facilitate the accumulation of their own capital resource base
- To act as a forum for members to provide space and support to each other

Advantages of self-help group

- Self-help group help the borrower to overcome the problem of lack of collateral
- Arrange timely loans for variety of purposes and at reasonable interest rates
- They are the building blocks of organisation of rural rural people
- The members of employ themselves in numerous entrepreneurial opportunities
- These groups reduced dependence on informal credit source

Disadvantages of self-help group

- There is limited funds availability
- New members usually influence the functioning of self-help group
- These groups are mostly dominated by males