



ANNAMACHARYA INSTITUTE OF TECHNOLOGY & SCIENCES

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Department of EEE

Subject Name: **Entrepreneurship Development**

Year & Branch: **EEE IV year - I Sem**

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COURSE OUTCOMES

Course Outcome 1 : Understand the concept of Entrepreneurship and challenges in the world of competition

Course Outcome 2: Apply the knowledge in generating ideas for new ventures and design business plan structure

Course Outcome 3: Analyse various sources of Finance and subsidies to entrepreneurs

Course Outcome 4: Evaluate the role of central government and state government in promoting women entrepreneurship

Course outcome 5: Study the role of Incubations in fostering start-ups

UNIT I

INTRODUCTION TO ENTREPRENEURSHIP

Syllabus

Unit I: Introduction to Entrepreneurship

Entrepreneurship: Concept, knowledge and skills requirement-characteristics of successful entrepreneurs-Entrepreneurship process-Factors impacting emergence of entrepreneurship-Differences between entrepreneur and intrapreneur-Understanding individual entrepreneurial mindset and personality-Recent trends in Entrepreneurship

Entrepreneur defined..

- Entrepreneur in French means “go-between”.
- Entrepreneur is an individual who takes risks and starts something new.

Today's definition

Entrepreneur is one who brings resources, labour, materials and other assets into combinations that make their value greater than before, and also one who introduces changes, innovations and a new order.

Entrepreneurship

The process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence.

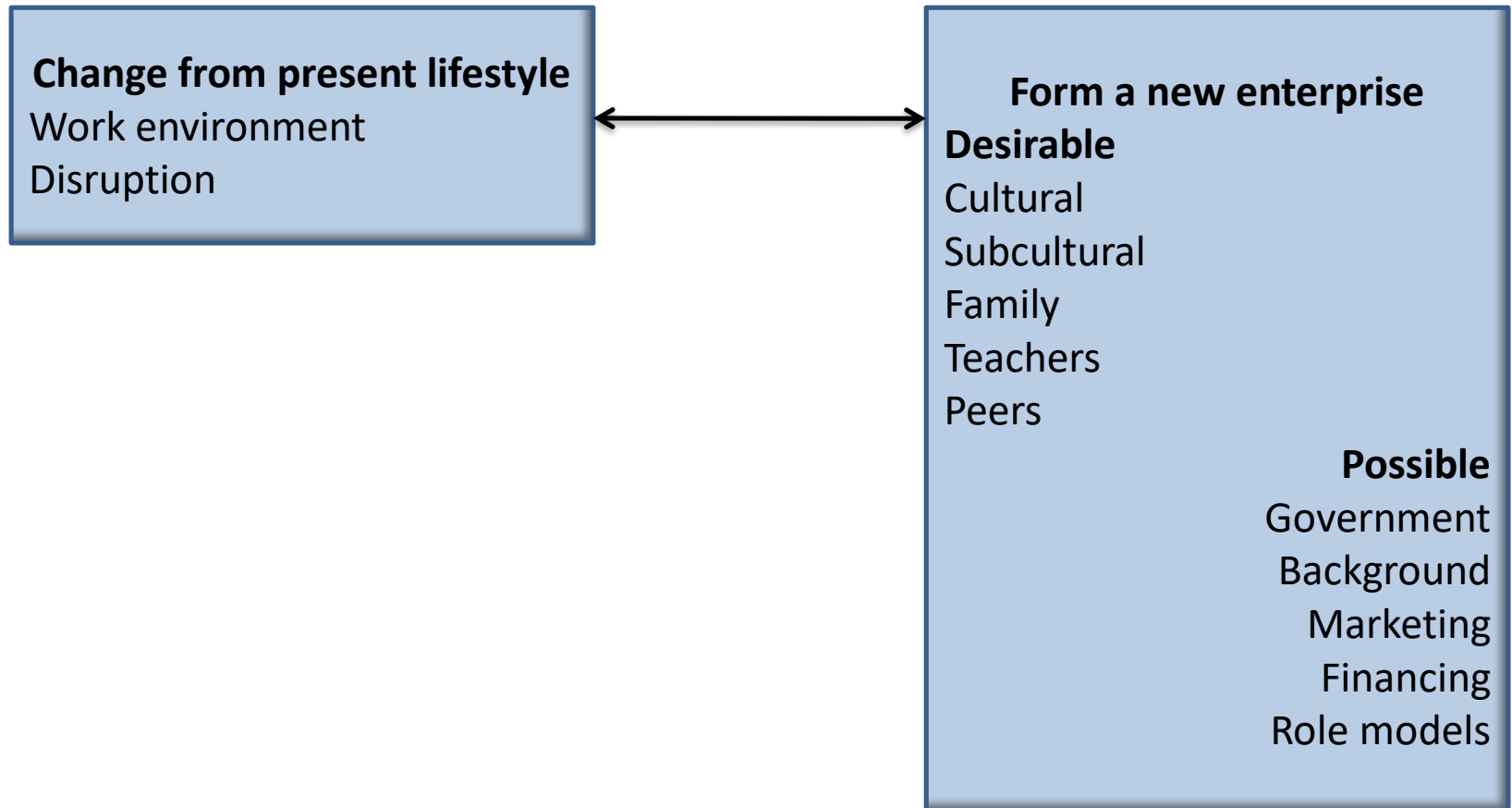
Evolution of Entrepreneurship

- First termed by Richard Cantillon in 1755.
- Joseph Schumpeter termed it as “a force of creative destruction”.
- John Stuart Mill-”necessity of entrepreneurship in private sector”.
- Adam Smith– “change agents who transform demand into supply”.

Why become an entrepreneur?

- Be your own boss
- Pursue own ideas
- Realize financial rewards

Entrepreneurial decision



Types of start-ups

- Lifestyle firm
- Foundation company
- High potential venture
- Gazelles

Types of Entrepreneurs

- **1. Innovative Entrepreneur:** Such an entrepreneur is one who aggressively gathers information, generates new business ideas based on the information and puts these ideas into practice. They have a shrewd business sense and create new products and new markets. Steve Jobs and Mark Zuckerberg are examples.
- **2. Adoptive/Imitative Entrepreneur:** Such an entrepreneur is skilled in enhancing already existing ideas and technology to create a competitive advantage. They can exogenously enhance or change technologies and create more jobs. For example, development of smaller shopping malls and manufacturing of car parts etc.
- **3. Fabian Entrepreneur:**
Such an entrepreneur has a more orthodox and traditional approach to business. They do not believe in taking risks or innovating. Usually, they are the second-generation business owners of an existing business.
- **4. Drone Entrepreneur:**
Such entrepreneurs are laggards in their fields. They are not motivated by new and exciting opportunities to grow their business. Instead, they are happy to struggle to make ends meet. Their approach to business can push them out of competition, especially when the market becomes too competitive.

Characteristics of successful entrepreneurs

- Passion for business (Ex: Michael Dell, Bill Gates, Larry Ellison)
- Product /customer focus (Ex: Steve Jobs, Dell)
- Tenacity despite failure (Ken Nickerson)
- Execution intelligence (Jeff Bezos, Howard Schultz)

Features of entrepreneurship

- Identification of opportunity
- Innovation
- Entrepreneurial attitude
- Role in economic growth and development
- Leadership
- Unique and new ideas/goals
- Intrapreneurship

Characteristics

- Energetic and hard working
- Assumes responsibility
- Inquisitive, foresighted
- Grabs opportunity
- Desire for money
- Self confidence
- Strong determination to overcome obstacles
- Perseverance

Qualities/skills required

- High education
- Sharp intelligence
- Ability to mobilise resources
- Initiative
- Ready for risk
- Good judgement and Wise decisions
- Dynamic leadership

- Persuasiveness
- Emotional stability
- Knowledge of market trends
- Good communication
- Human relationships
- Recognising opportunities
- Conceptualizing ideas
- Creativity

Functions

- Understanding one's capability
- Identifying new venture
- Planning the new venture
- Organizing and setting up new venture
- Managing finance
- Managing production
- Managing workforce
- Managing market

Entrepreneurial Process



Factors impacting emergence of entrepreneurship

Economic factors:

- Capital
- Labour
- Raw materials
- Market

Capital

If capital supply increases ,
entrepreneurship also increases.

Labour

Low cost immobile labour can be supplemented with capital intensive technologies.

Raw materials

Supply of raw material becomes influential depending on opportunity conditions.

Market

- Major determinant of rewards
- Rapid improvement in market is followed by rapid entrepreneurial appearance.

Non-economic factors

Social conditions

- Legitimacy of entrepreneurship
- Social mobility
- Marginality
- Security

Psychological factors

- Withdrawal of status respect
- Government regulations

Forms of Ownership

- Proprietorship
- Partnership
- Private company
- Public company
- Co-operative

INTRAPRENEURSHIP

VS

ENTREPRENEURSHIP

Intrapreneurship

Entrepreneurship within an existing business structure is called intrapreneurship.

“Intrapreneur is a person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk taking and innovation.”

Characteristics of intrapreneur

- Dependent on the owner/entrepreneur.
- Funds not raised by him.
- Does not fully bear the risk.
- Operates from within the organization.

- **Intrapreneurship** is the act of behaving like an entrepreneur while working within a large organization.
- "Intrapreneurship refers to employee initiatives in organizations to undertake something new, without being asked to do so."

- “A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product through assertive risk-taking and innovation”
- The first written use of the terms ‘intrapreneur’, ‘intrapreneuring,’ and ‘intrapreneurship’ date from a paper written in 1978 by Gifford and Elizabeth Pinchot.

A novel way of making organizations more profitable where imaginative employees entertain entrepreneurial thoughts.

A lot of companies are known for their efforts towards nurturing their in-house talents.

Company--3M

- Product -- Post-it notes
- Intrapreneur -- Spencer Silver , Art Fry
- Year -- 1980

Company– Sun Microsystems

- Product –Java Programming language
- Intrapreneur—Patrick Naughton
James Gosling
Bill Joy
- Year –1995
- First named as OAK , later renamed as JAVA

Company-Texas Instruments

- Product— Digital light processing technology
- Intrapreneur—Larry Hornbeck
- Year –1996
- Use of DMD (Digital Micro mirror Device) technology which reduced the size and cost of digital projectors

Company—Sony Computer Ent.

- Product—Sony Play station
- Intrapreneur—Ken Kutaragi
- Year -- 1994

Entrepreneurial mindset and personality

- Determination
- Focus
- Drive
- Decisiveness
- Independence
- Authenticity
- Flexibility
- Thirst for Knowledge
- Creativity

Recent trends in entrepreneurship

1. Working from home /hybrid work
2. Mobile optimization
3. Increased diversity in the workforce
4. Niche market services
5. The rise of the Gig economy
6. Long-term cash planning
7. Subscription-based businesses
8. Eco-friendly business practices and products
9. Social commerce
10. Crypto acceptance

UNIT II

FORMULATION OF BUSINESS IDEA

Syllabus

Unit II: Formulation of Business Idea

Starting the new Venture-Generating Business Idea-
Sources of new ideas-methods of generating new
ideas-Opportunity recognition-feasibility study-market,
technical and financial feasibility-Drawing business
plan-preparing project report-presenting business plan
to investors

Starting a new venture

Step-by-step approach for starting a new venture

- ✓ Pre-launch Stage
- ✓ Launch Stage
- ✓ Post launch Stage

Generating Business Idea

Idea: An idea is a thought, impression or notion. It may or may not meet the criteria of an opportunity.

Opportunity: An opportunity is a favourable set of circumstances that creates a need for a new product, service or business.

Many businesses fail not because the entrepreneurs didn't work hard, but rather because there was no real opportunity.

It is crucial to understand whether the idea fills the need and meets the criteria for opportunity.

SOURCES OF NEW IDEAS FOR ENTREPRENEURS

- **Customers :**Prospective customers know best what they want and the habits/tastes that will be popular shortly.
- **Existing organization:** Competing products and services of existing organizations and evaluation thereof is a successful source of new ideas.
- **Distribution channels:** Member of the distribution channels; intermediaries, transient customer preference, and possible expectations may be a good business idea.
- **Government:** The government can be a source of new product ideas in many ways.
- **Research and Development:**The entrepreneur's own "research and development" is the largest source of new ideas. It may be a more formal endeavor connected with one's current employment or an informal laboratory in the private premises.

Methods of generating ideas

- Focus groups

Groups of individuals providing information in a structured format

- Brainstorming

Generating ideas about a problem in a limited time frame through spontaneous contributions of participants

- Problem inventory analysis

Instead of generating new ideas themselves, consumers are provided with a list of problems. They are asked to identify and discuss products that have a particular problem

Creative problem solving

Creativity tends to decline with age, education, lack of use and bureaucracy. Creativity can be unlocked and creative ideas and innovations can be generated by using any of the creative problem solving techniques.

Creative techniques

- Reverse brainstorming

Focus is on the negative aspects of product/idea . Care must be taken to maintain group's morale. Identification of everything wrong with an idea followed by a discussion

- Brain writing

Written brainstorming. Gives participants more time to think. Silent , written generation of ideas.

- Gordon method

Group members do not know the exact nature of the problem. A general concept is given and the group responds by expressing a number of ideas

- Checklist method

Idea is developed through a list of related issues. Entrepreneur uses the list to guide the direction of developing entirely new ideas.

- Free association

A phrase related to the problem is written down, then another and another with each new word adding something new to the ongoing thought process.

- Forced relationships

Process of forcing relationships among some product combinations.

- Collective notebook method

A small notebook with blank pages and related data are given. Participants are asked to record ideas 3 times in a day.

- Attribute listing

Entrepreneurs lists the attributes of an item or problem and then look at each from a variety of view points.

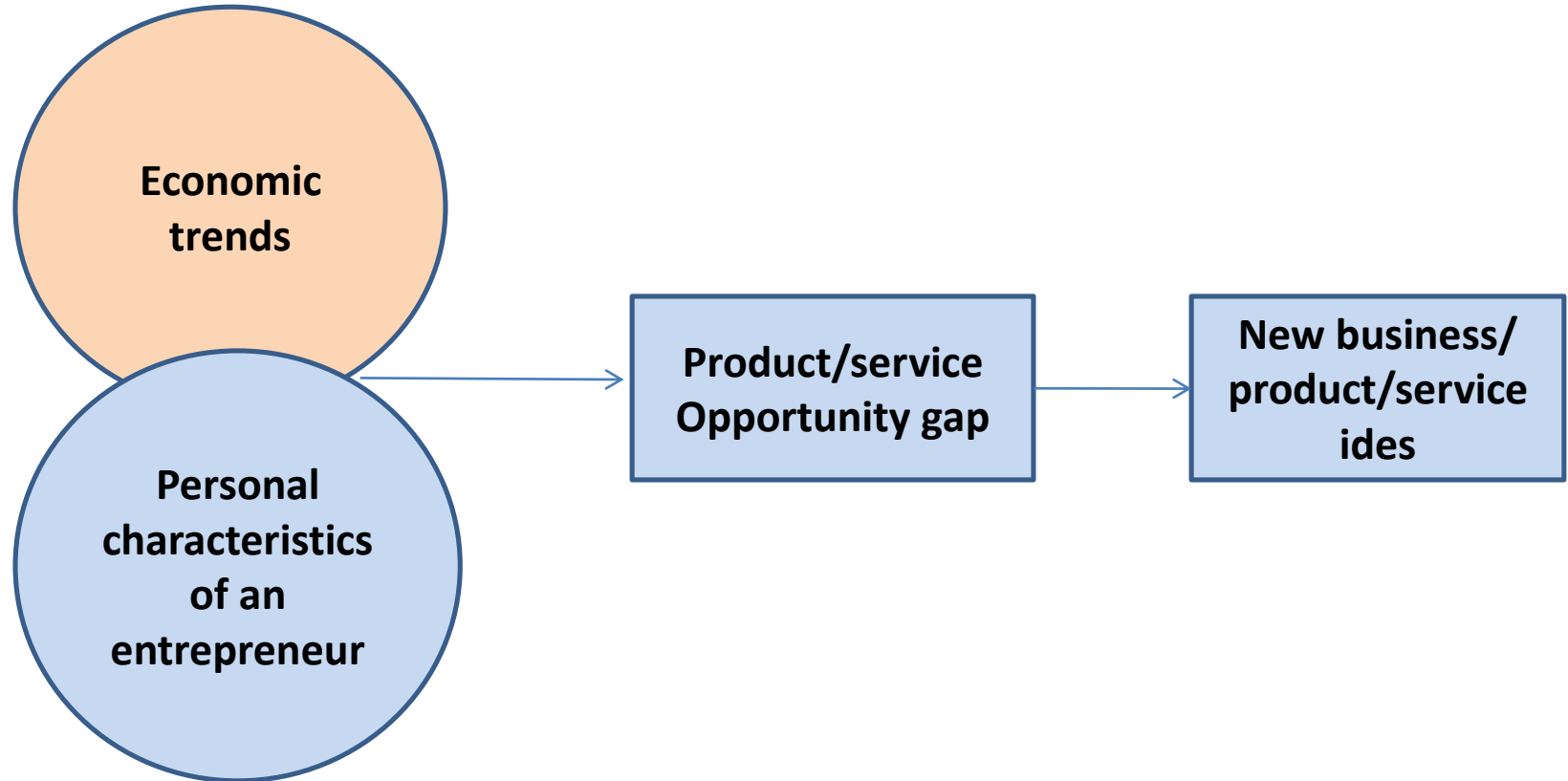
- Big dream approach

Entrepreneur dream about a problem and its solution. Every possibility should be recorded and investigated without regard to negatives involved.

- Parameter analysis

It involves analysing variables in the situation to determine their relative importance. These variables become the focus of the investigation with others variables being set aside.

The opportunity recognition process



Ways used to identify opportunities

- Study and observe trends
- Purchase customised forecasts and market analyses from independent research firms
- Solving a problem
- Personal characteristics of the entrepreneur

Observing trends

- Economic factors
 - » State of the economy
 - » Level of disposable income
 - » Consumer spending factors
- Social factors
 - » Social and cultural trends
 - family and work patterns
 - aging population
 - increased diversity in work place
 - globalization of industry
 - focus on healthcare and fitness
 - Computers and internet
 - Increase in use of cell phones
 - » Demographic changes

- Technological advances
 - Once technology is created, products emerge to advance it.
 - Ex: Real Networks
- Political and regulatory changes
 - Opportunity to start firms to help companies comply to the new laws.
 - Global political instability and threat of terrorism have resulted in many firms becoming security conscious.
 - Companies need new products to protect their physical assets and intellectual property.
 - Ex: Protectdata.com

New businesses based on trends

TREND	RESULTING BUSINESS	RESULTED COMPANIES
Teenagers with more cash and disposable income	Designer clothes, CDs, DVD players, game consoles, magazines	<i>GAP , Banana , palm, Sega, MTV</i>
Increased interest in stock market	Online brokerage services, Stock research services, magazines for investors	<i>Buyandhold.com, The street.com, Red Herring magazine</i>
Increasing dual income families-less time to cook	Restaurants, microwaves, food delivery services	<i>McDonalds, KFC, Domino's Pizza</i>
Increased interest in fitness	Fitness centres, in house exercise equipment, weight loss centres	<i>Curves International, Stair master fitness equipment</i>
Increased mobility of population	Cell phones, laptops, handheld computers, phone cards	<i>Nokia, Palm, Research in Motion</i>

Contd...

TREND	RESULTING BUSINESS	RESULTING COMPANY
Development of internet	E-commerce, improved supply chain management, improved communications	<i>Yahoo, Amazon.com, America online, ChemConnect ,Eudora</i>
Advances in Biotechnology	Biotech related pharmaceutical products, food products, veterinary products	<i>Genetech, Amgen, Genzyme ,Bio online</i>
Increased OSHA standards	Consulting companies, software to monitor compliance, products to ensure compliance	<i>RMS systems, Primatech</i>

Businesses created to solve a problem

Entrepreneur	Year	Problem	Solution	Resulting business
Rob Glaser	1995	No way to play audio and video on internet	Developed software	<i>RealNetworks</i>
Jerry Yang and David Filo	1994	No method to organize favourite websites	Created online directories	<i>Yahoo</i>
Scott Cook	1982	Frustration over traditional process of paying bills and keeping track of personal finances	Developed software	<i>Intuit</i>
Anita Roddick	1976	Unable to find small amounts of cream/lotion to sample before buying a larger bottle	Started a company to provide smaller quantities of body products	<i>The Body Shop</i>
Fred Smith	1973	Inability to get spares delivered on a timely basis	get packages delivered timely	<i>Federal Express</i>

Other examples...

- Symantec corporation created Norton Antivirus to get rid of viruses
- McAfee developed software to secure computer systems and guard them against attack from hackers
- Cisco developed routers to pass information
- Newgistics developed a new method of returning merchandise which was ordered online

Personal characteristics of the entrepreneur

- Prior experience
- Cognitive factors
- Social networks
- Creativity

Many businesses fail not because the entrepreneurs didn't work hard, but rather because there was no real opportunity.

It is crucial to understand whether the idea fills the need and meets the criteria for opportunity.

Feasibility study/analysis

Technical Feasibility: This assessment focuses on the technical resources available to the organization. It helps organizations determine whether the technical resources meet capacity and whether the technical team is capable of converting the ideas into working systems. Technical feasibility also involves the evaluation of the hardware, software, and other technical requirements of the proposed system.

Economic Feasibility : This assessment typically involves a cost/ benefits analysis of the project, helping organizations determine the viability, cost, and benefits associated with a project before financial resources are allocated. It also serves as an independent project assessment and enhances project credibility—helping decision-makers determine the positive economic benefits to the organization that the proposed project will provide.

Market feasibility: Check whether market is available for your products. If there are less customers or no customers, then definitely you need to think about the alternatives.

Legal Feasibility: This assessment investigates whether any aspect of the proposed project conflicts with legal requirements like zoning laws, data protection acts or social media laws. Let's say an organization wants to construct a new office building in a specific location. A feasibility study might reveal the organization's ideal location isn't zoned for that type of business.

Benefits of conducting feasibility study/analysis

- Improves project teams' focus
- Identifies new opportunities
- Provides valuable information for a “go/no-go” decision
- Narrows the business alternatives
- Identifies a valid reason to undertake the project
- Enhances the success rate by evaluating multiple parameters
- Aids decision-making on the project
- Identifies reasons not to proceed

Drawing business plan

Business Plan:

A business plan is a document that outlines your business's financial goals and explains how you'll achieve them. A strong, detailed plan will provide a road map for the business's next three to five years, and you can share it with potential investors, lenders or other important partners

Contents of a business plan

- Executive summary
- Company description
- business goals
- products and services
- market research and analysis
- marketing and sales plan
- financial analysis
- additional information

What is in a Business Report/plan?

COVER PAGE

- Title
- Business name
- Date of proposal
- Business address/contact details

EXECUTIVE SUMMARY

- Emphasizes the purpose and objectives of the project.
- It is the essence of the plan
- Usually written last to capture the attention of reader

ORGANIZATIONAL OVERVIEW

- Legal form
- Goal/purpose and objectives
- Services/products offered
- Beneficiaries/target communities/groups
- Track records/achievements
- Funders/donors and other from of income generation
- Contactable references

Contd...

Management and staff

- Management information
- structure
- skills/experience of the staff

PROJECT DETAILS

Aims and objectives

- Overall goal/intended outcomes
- Project Purpose
- Specific objectives if any

Implementation plan

Work plan

Risk assessment

Organizations/partnerships

Communication strategies

Evaluation/assessment of project impact

Timelines/estimates

Budget estimate

APPENDICES AND SUPPORTING DOCUMENTATION

- Constitution of organization
- Certificates and registration documents
- Letters of recommendation
- Publications/brochures about your work
- Copies of audited financial statements
- Tax clearance certificate and other if needed

Presenting business plan to investors

- **Basic information:** At the start of your business plan presentation, provide key information about the business. This includes the full name of your business, logo, and contact information as the presenter.
- **Problems:** Explain the issues the business identified and plans to solve. Point out why these are problems and how they relate to your business objectives.
- **Proposed solutions:** Describe how the business solves the problems you outlined in the earlier slide.
- **Financial approach:** Provide information on how your team plans to achieve business goals while staying within budget.
- **Operating plan:** Describe what your steps are to achieving business goals. List the necessary resources and describe what a business day looks like for the company you're presenting.
- **Marketing strategy:** Explain your steps to market the business and how this helps reach your solutions.
- **The team:** List the people on your team who work on this business plan. Include their roles and responsibilities.
- **Timeline:** Define how close the business is to achieve goals and outline your projection for the future.

Some more tips...

- **Use facts and figures**—Support every conclusion and claim with research from third-party sources. If you mention trends or evaluate your market potential, make sure you've done the research to back your claims.
- **Be clear**—Your banker or potential investor probably isn't an expert in your field, so avoid industry jargon, acronyms and technical details.
- **Show you've done your research**—Demonstrate you've looked at your project from every angle and prepared contingency plans. Discuss how your previous experience and achievements will help in this case.
- **Stick to business**—Focus on proving your case. It's good to be passionate about your business, but it's your facts and figures that will get you the money.

UNIT III

FINANCIAL ASPECTS OF PROMOTION

Syllabus

Unit III: Financial aspects of promotion

Sources of Finance-Variou sources of finance available-long term sources-short term sources-Institutional finance-Commercial Banks, SFCs, NBFCs in India-their way of financing in India for small and medium business-Entrepreneurship Development programs in India, The Entrepreneurial journey, Institutions in aid of Entrepreneurship Development

SOURCES OF FINANCE

- **Internal sources**
- **External sources**

Internal sources of finance

- **Owners capital** refers to money invested by the owner of a business. This often comes from their personal savings. Personal savings is money that has been saved up by an entrepreneur. This source of finance does not cost the business, as there are no interest charges applied.
- **Retained profit** is when a business makes a profit, it can leave some or all of this money in the business and reinvest it in order to expand. This source of finance does not incur interest charges or require the payment of dividends, which can make it a desirable source of finance.
- **Selling assets** involves selling products owned by the business. This may be used when either a business no longer has a use for the product or they need to raise money quickly. Business assets that can be sold include for example, machinery, equipment, and excess stock.

External sources of finance

- **Family and friends** - businesses can obtain a loan or be given money from family or friends that may not need to be paid back or are paid back with little or no interest charges.
- A **bank loan** is money borrowed from a bank by an individual or business. A bank loan is paid off with interest over an agreed period of time, often over several years.
- **Overdrafts** - are where a business or person uses more money than they have in a bank account. This means the balance is in minus figures, so the bank is owed money. Overdrafts should be used carefully and only in emergencies as they can become expensive due to the high interest rates charged by banks.
- **Venture capital** and **business angels** - refers to an individual or group that is willing to invest money into a new or growing business in exchange for an agreed share of the profits. The venture capitalist will want a return on their investment as well as input into how the business is run.
- **New partners** - is when an additional person or people are brought into the business as a new business partner. This means they would provide money to then own part of the business.

- **Issue of Shares** - a business may sell more of their ordinary shares to raise money. Buying shares gives the buyer part ownership of the business and therefore certain rights, such as the right to vote on changes to the business.
- A **trade credit** must be agreed with a supplier and forms a credit agreement with them. This source of finance allows a business to obtain raw materials and stock but pay for them at a later date. The payment is usually made once the business has had an opportunity to convert the raw materials and stock into products, sell them to its own customers, and receive payment.
- **Leasing** - is a way of renting an asset that the business requires, such as a coffee machine. Monthly payments are made and the leasing company is responsible for the provision and upkeep of the leased item.
- **Hire purchase** - is used to purchase an asset, such as a delivery van or piece of equipment. A deposit is paid and the remaining amount for the asset is paid in monthly installments over a set period of time. The business does not own the item until all payments are made.
- **Government grants** - are a fixed amount of money awarded by the government. Grants are given to a business on the condition that they meet certain criteria such as providing jobs in areas of high unemployment. These do not usually need to be paid back.

Long term sources

- Share Capital or Equity Shares
- Preference Capital or Preference Shares
- Retained Earnings or Internal Accruals
- Debenture / Bonds
- Term Loans from Financial Institutes, Government, and Commercial Banks
- Venture Funding
- Asset Securitization
- International Financing by way of Euro Issue, Foreign Currency Loans, ADR, GDR, etc

Short term sources

- Trade Credit
- Short Term Loans like Working Capital Loans from Commercial Banks
- Fixed Deposits for a period of 1 year or less
- Advances received from customers
- Creditors
- Payables
- Factoring Services
- Bill Discounting etc.
-

Institutional Finance

- **Commercial Banks**
- **SFCs**
- **NBFCs**

Commercial Bank

- A commercial bank is a kind of financial institution that carries all the operations related to deposit and withdrawal of money for the general public, providing loans for investment, and other such activities. These banks are profit-making institutions and do business only to make a profit.
- The two primary characteristics of a commercial bank are lending and borrowing. The bank receives the deposits and gives money to various projects to earn interest (profit). The rate of interest that a bank offers to the depositors is known as the borrowing rate, while the rate at which a bank lends money is known as the lending rate.

Functions of Commercial Bank:

Primary functions

- **Accepts deposit :** The bank takes deposits in the form of saving, current, and fixed deposits. The surplus balances collected from the firm and individuals are lent to the temporary requirements of the commercial transactions.
- **Provides loan and advances :** Another critical function of this bank is to offer loans and advances to the [entrepreneurs and business people](#), and collect interest. For every bank, it is the primary source of making profits. In this process, a bank retains a small number of deposits as a reserve and offers (lends) the remaining amount to the borrowers in demand loans, overdraft, cash credit, short-run loans, and more such banks.
- **Credit cash:** When a customer is provided with credit or loan, they are not provided with liquid cash. First, a bank account is opened for the customer and then the money is transferred to the account. This process allows the bank to create money.

MAJOR INSTITUTIONS PROVIDING FUNDS FOR ENTREPRENEURS

- **Industrial Development Bank of India**
- **Industrial Finance Corporation of India Ltd.**
- **Industrial Credit and Investment Corporation of India Ltd (ICICI)**
- **Life Insurance Corporation of India (LIC)**
- **Unit Trust of India (UTI)**
- **Small Industries Development Bank of India (SIDBI)**
- **Industrial Reconstruction Bank of India (IRBI)**
- **State Financial Corporations (SFCs)**
- **National Bank for Agriculture and Rural Development (NABARD)**

NON BANKING FINANCIAL COMPANIES(NBFC)s

Non-banking financial companies (NBFCs) are financial institutions that offer banking services but do not have a banking license. NBFCs in India exist primarily to grant credit to small businesses. NBFCs help MSMEs meet their fund requirements by offering them loans.

Features of NBFCs

- NBFCs can offer banking services such as loans and credit facilities, currency exchange, money markets, underwriting and merger activities.
- Unlike banks, NBFCs cannot carry out money transfers and they do not accept demand drafts and cheques.
- NBFCs are not subject to the banking regulations and oversight by federal and state authorities that traditional banks are tied to.
- Examples of NBFCs in India include Investment banks, mortgage lenders, money market funds, insurance companies, hedge funds, private equity funds, and P2P lenders.

Benefits of NBFCs in India for small businesses

- NBFCs can provide loans and credit facilities and can trade in money market instruments.
- NBFCs are faster than banks with regard to approving loan applications for borrowers.
- The Financial institutions customize their products according to the needs of the business applying for a loan.
- NBFCs are less stringent to eligibility, requirement, and paperwork.

Top 3 NBFCs in India for small business loans

- Bajaj Finserv
- Ziploan
- Lendingkart

STATE FINANCIAL CORPORATIONS

Functions of State Finance Corporations

- The SFCs provides loans mainly for the acquisition of fixed assets like land, building, plant, and machinery.
- The SFCs help financial assistance to industrial units whose paid-up capital and reserves do not exceed Rs. 3 crore (or such higher limit up to Rs. 30 crores as may be notified by the central government).
- The SFCs underwrite new stocks, shares, debentures etc., of industrial units.
- The SFCs grant guarantee loans raised in the capital market by scheduled banks, industrial concerns, and state co-operative banks to be repayable within 20 years.

ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPs) IN INDIA

- Entrepreneurship Development Programme (EDP) is a programme which helps in developing entrepreneurial abilities. The skills that are required to run a business successfully is developed among the students through this programme.
- EDP is an effort of converting a person to an entrepreneur by passing him through thoroughly structured training

Features of EDP

- (a) Identification and careful selection of entrepreneurs for training;
- (b) Developing the entrepreneurial capabilities of the trainee;
- (c) Equipping the trainee with the basic managerial understanding and strategies;
- (d) Ensuring a viable industrial project for each potential entrepreneur;
- (e) Helping him to secure the necessary financial, infrastructural and related assistance; and
- (f) Training cost is highly subsidised and only token fee is charged. A deposit is, however, taken to ensure commitment of participants.

Objectives of EDP

- Develop and strengthen the entrepreneurial quality, i.e. motivation or need for achievement.
- Analyze environmental set up relating to small industry and small business.
- Select the product.
- Formulate proposal for the product.
- Understand the process and procedure involved in setting up a small enterprise.
- Know the sources of help and support available for starting a small scale industry.
- Acquire the necessary managerial skills required to run a small-scale industry.
- Know the pros and cons in becoming an entrepreneur.
- Appreciate the needed entrepreneurial discipline.

- Let the entrepreneur himself / herself set or reset objectives for his / her enterprise and strive for their realization.
- Prepare him / her to accept the uncertainty in running a business.
- Enable him / her to take decisions.
- Enable to communicate clearly and effectively.
- Develop a broad vision about the business.
- Make him subscribe to the industrial democracy.
- Develop passion for integrity and honesty.
- Make him learn compliance with law.

Entrepreneurial journey

- Step 1: **Inspiration** – What is your motivation for becoming an entrepreneur?
- Step 2: **Preparation** – Do you have what it takes to be an entrepreneur?
- Step 3: **Assessment** – What is the idea you plan to offer through your venture?
- Step 4: **Exploring Resources** – What resources and characteristics do you need to make this venture work?
- Step 5: **Business Plan** – What type of business structure and business model will your venture have?
- Step 6: **Navigation** – In what direction will you take your venture? Where will you go for guidance?
- Step 7: **Launch** – When and how will you launch your venture?

OTHER INSTITUTIONS IN AID OF ENTREPRENEURSHIP DEVELOPMENT

- Small Industries Development Organization (SIDO)
- Management Development Institute(MDI)
- Entrepreneurship Development Institute of India (EDI)
- Small Scale Industries Board (SSIB)
- National Institution of Entrepreneurship and Small Business Development(NIESBUD)
- National Institute of Small Industries Extension Training (NISIET)
- National Small Industries Corporation Ltd. (NSIC)

UNIT IV

WOMEN

ENTREPRENEURSHIP

Syllabus

Unit IV: Women Entrepreneurship

Women Entrepreneurship- Entrepreneurship Development and Government-Role of Central government and state Government in promoting women entrepreneurship-Introduction to various incentives, subsidies and grants-Export Oriented Units-Fiscal and Tax concessions available-Women entrepreneurship-role and importance-Growth of Women entrepreneurship in India-Issues and Challenges-Entrepreneurial motivations

Women entrepreneur defined...

- Women Entrepreneurs mean the women or a group of women who initiate, organize and operate a business enterprise.
- A woman entrepreneur is therefore a confident, creative and innovative woman desiring economic independence individually and simultaneously creating employment opportunities for others

Women enterprise

An enterprise owned and controlled by woman having a minimum financial interest of 51% of the capital and giving at least 51% employment generated to women”

-By Government of India

Traits of Women Entrepreneurs

- **Imagination**
- **Attribute to Work Hard**
- **Persistence**
- **Ability and Desire to Take Risk**

Factors Influencing Women Entrepreneurship

Push Factors:

- Death of bread winner
- Permanent inadequacy in income of the family
- Sudden fall in family income

Pull factors

- Need and perception of Women's Liberation, Equity etc.
- To gain recognition, importance and social status.
- To get economic independence
- To utilize their free time or education
- Women's desire to evaluate their talent

Segments of Women Entrepreneurs

- **Self-help groups:** Those who are well served and mentored by microfinance institutions.
- **Grassroots Entrepreneurs:** Those who are driven by a need to augment the family's finances especially to secure their children's future — tailors, flower sellers, STD booth owners, paan shops. With turnover aspiration of five lakh a year, they are very work focused, as they can see any increase in their earnings as directly impacting their children's lives.
- **Mid-Rung Entrepreneurs:** They are driven by a need to build reputation, become known, and improve quality and satisfy creative instincts. Mostly graduate+, they typically have garments shops, poultry farms, export businesses etc., with turnover aspirations from Rs.50 lakh to Rs.1 crore.
- **Upper Crust:** Drawn from the top-most social class, very well educated, with businesses like export houses, travel agencies, traders in pharmaceuticals, often adjuncts to their husband's businesses, they aspire to turnovers of more than Rs.5 crore.

Institutions Assisting Women Entrepreneurs

- Association of Women Entrepreneurs of Karnataka (AWAKE)
- Federation of Indian Women Entrepreneurs (FIWE)
- Self-Help Groups (SHGs)
- Mahila Udyog Nidhi (MUN)

- The Trade Related Entrepreneurship Assistance and Development (TREAD)
- Bank of India's Priyadarshini Yojana
- Swarna Jayanthi Gram Swarojgar Yojana
- Rashtriya Mahila Kosh

Few known women entrepreneurs

- Dr. Kiran Mazumdar-Shaw (Biocon)
- Ekta Kapoor (Balaji Telefilms)
- Neelam Dhawan(Microsoft India)
- Naina Lai Kidwai (HSBC-India)
- Sulajja Firodia Motwani (Kinetic Motors)
- Mallika Srinivasan(TAFE)

Issues and challenges in Women entrepreneurship

- Male dominant society
- Cultural barriers
- Lack of confidence
- Lack of proper education
- Marketing problems
- Raising finance

- Balancing family and business
- Limited Mobility
- Low Risk-Bearing Ability
- Lack of Access to Professional Networks
- Limited Industry Knowledge
- Safety Concerns

Incentives for Export Oriented Units (EOU)

- No import licences are required by the EOU units and import of all industrial inputs exempt from customs duty.
- Supplies from the DTA to EOUs are regarded as deemed exports and are hence exempt from payment of excise duty which means that high quality inputs are available at lower costs.
- On fulfillment of certain conditions, EOUs are exempted from payment of corporate income tax for a block of 5 years in the first 8 years of operation. Export earnings continue to be exempt from tax even after the tax holiday is over.
- Industrial plots and standard design factories are available to EOUs at concessional rates.
- Single window clearance for EOU. For example, the State Government of Kerala as well of Karnataka has constituted single window clearance mechanisms such as District Single Window Clearance Board (in Kerala) and Karnataka Udyog Mitra (in Karnataka) for the purpose of speedy issue of various licences, clearances.

Fiscal and Tax Concessions

- Bharatiya Mahila Bank: A commercial loan scheme for businesswomen who want to start a new business in real estate or a small and medium enterprise (SME) in retail. Female entrepreneurs are given a highest loan amount of up to Rs 20 crore and a discount of 0.25% on a normal 10.15% or more interest rate.

- The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE): It allows collateral-free credit available to the micro and small enterprise sector, where there is no requirement for collateral security for a loan of up to Rs 1 crore. Women-led manufacturing enterprises can avail credits of up to Rs 20 crore.

- The Dena Shakti Scheme: It provides financial support to female entrepreneurs, where a loan amount of up to Rs 20 lakh can be availed for horticulture, retail exchange, education, and housing. An additional micro-credit of up to Rs 50,000 can also be availed under micro-credit schemes. This also has a 0.25% discount for women entrepreneurs who are majority stakeholders in the company.

- Udyogini Scheme: Launched under the Women Development Corporation, it encourages poor women entrepreneurs to receive financial support to start a business. It provides women between the ages of 18 and 45 and whose annual family income is Rs 45,000 or less to avail loan of up to Rs 1 lakh. Furthermore, women from the SC/ST category will get an allowance of 30% of the advance sum or Rs 10,000, whichever is lower. However, women from the general category can get an allowance of Rs 7,500 or 20% of the credit sum, whichever is lower.

UNIT V

START-UPS AND INCUBATION

Syllabus

Unit V: Start-ups and Incubation

Start-ups-Definition-Role of start-ups in India, Governmental Initiatives to foster entrepreneurs across sectors-Funding opportunities for start-ups, Business Incubation and its benefits, Pre-incubation and Post Incubation process.

START-UPS

Startups are part of a broader business environment that is focused on generating impactful solutions, thereby acting as vehicles for socio-economic development and transformation.

They are centers of novel innovations, they generate jobs, which implies more career opportunities; more employment leads to a stronger economy, and a healthier economy has a direct bearing on the growth of cities where startups locate.

Role of startups in the growth of the Indian economy

- Employment Creation
- New Investments
- Research and Development
- Better GDP
- infrastructure development
- Democratizing the Technology Benefits
- enhance people's quality of life
- increases the flow of capital within the Indian market

STARTUP
LEADERSHIP
PROGRAM
(SLP)

STARTUP
INDIA SEED
FUND SCHEME

CREDIT
GUARANTEE
TRUST FUND

SINGLE POINT
REGISTRATION
SCHEME

THE STANDUP
INDIA SCHEME

PRADHAN
MANTRI
MUDRA
YOJNA

VENTURE
CAPITAL
ASSISTANCE
SCHEME

ASPIRE

STARTUP
INDIA
INITIATIVE

RAW
MATERIAL
ASSISTANCE
SCHEME

ATAL
INNOVATION
MISSION

Government Schemes For Startup in India



DESIGN
CLINIC
SCHEME

Government initiatives to foster entrepreneurship

1. Startup India Seed Fund
2. ATAL Innovation Mission
3. SAMRIDH Scheme
4. Pradhan Mantri Mudra Yojana
5. Start-up India Initiative
6. ASPIRE
7. e-Biz Portal
8. Ministry of Skill Development and Entrepreneurship

9. Multiplier Grants Scheme (MGS)

10. Dairy Processing and Infrastructure Development Fund (DIDF)

11. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

12. Stand Up India Scheme- For Financing SC/ST and/or Women Entrepreneurs

13. Drone Shakti

14. Sub-Mission on Agricultural Mechanization (SMAM)

15. Zero Defect Zero Effect (ZED) Certification Scheme

16. Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)

17. Sub-Mission on Agricultural Mechanization (SMAM)

18. Design Clinic Scheme for Design Expertise

HANDHOLDING

LEGAL SUPPORT

- Self-certification and compliance of 9 environment and labour laws through Startup India web portal/ mobile app

IPR

- Fast track startup patent applications
- Panel of facilitators to assist in filing IP applications, government to bear facilitation costs
- 80% rebate in filing of patents

EXIT PROCESS

- As per Insolvency and Bankruptcy Bill 2015 ("IBB"), startups with simple debt structures may be wound up within a period of 90 days



FUNDING/INCENTIVES

FUND OF FUNDS

- SIDBI Fund of Funds for investment into startups⁽¹⁾; set up by the Government with an initial corpus of INR 2,500 cr and a total corpus of INR 10,000 cr over a period of four years

CREDIT GUARANTEE

- Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC) /SIDBI is being envisaged with a budgetary corpus of INR 500 cr per year for the next four years

TAX EXEMPTIONS

- IT exemptions for 3 years
- Capital Gains Tax exemption to people investing such gains in the Government recognised Fund of Funds
- Tax exemption on investments above Fair Market Value (FMV)

INCUBATION

INDUSTRY/ACADEMIA

- 31 Innovation Centres, 13 Startup Centres, 18 Technology Business Incubators, 7 Research Parks and 500 Atal Tinkering Labs
- 35 new incubators in existing institutions, 35 new private sector incubators with funding support from the Government

COMPETITION/GRANTS

- NIDHI – INR 10 lakh to 20 student innovations from Innovation and Entrepreneurship Development Centres (IEDC)
- Uchhattar Avishkar Yojana – INR 250 cr per annum to foster 'very high quality' research among IIT students
- Annual Incubator Grand Challenge

EVENTS

- Organising startup fests for showcasing innovation and providing a platform for collaboration
- Startup talk shows

Business Incubation

Business Incubation is the name given to the process that involves supporting the development and growth of startups through the provision of various resources and services.

The goal of business incubation is to help startups overcome the initial hurdles that come with starting and growing a business.

Types of Business Incubators

1. Corporate Incubators

Their objectives are to enhance entrepreneurial skills and to help startups keep up with other industries/competitors. Corporate incubators target internal and external projects related to the activities of the company. The most common challenge corporate incubators face is the conflict between top-level executives and committees regarding objectives and management-related decisions.

2. Local Economic Development Incubators

They work on economic development by supporting SMEs and specific groups for the overall upliftment of society. These groups include small enterprises, handicraft-related businesses, and locally-sourced companies. Governance risk, volatility in management quality, long hours of negotiation, and conflicts are often associated with such incubators.

3. Private Investors' Incubators

They assist high-potential businesses (such as technology-intensive startups) and then reap benefits by selling shares. These incubators lag in terms of quality and durability.

4. Academic Incubators

They offer new sources of finance while supporting the entrepreneurial spirit and focusing on civic responsibility. Academic incubators target external projects and the projects internal to academic institutions.

How Business Incubation Works

The process of business incubation typically involves several stages:

- **Application:** Startups apply to a business incubator program by submitting an application and business plan. Some incubators have selective application criteria, while others may have a broader range of eligibility criteria.
- **Screening:** The incubator reviews the application and business plan to determine if the startup is a good fit for the program. The screening process may involve an interview or presentation by the startup.
- **Incubation:** Once accepted into the program, the startup works with the incubator to develop and execute their business plan. The incubator provides the startup with access to resources, mentorship, and other support services to help them achieve their goals.
- **Graduation:** Once the startup has achieved its goals and is ready to operate independently, it graduates from the program. Graduation typically involves leaving the incubator's physical space and resources but may still involve ongoing mentorship and networking opportunities.

Role / Function of a Business Incubator

- They guide startups/ventures on how to compete with established industry players.
- Business incubators help with the basics of business.
- They provide networking activities.
- They help startups save on operating costs.
- Incubators provide marketing assistance.
- Incubators help with market research.
- They provide high-speed internet access.
- They create long-lasting jobs for new graduates, experienced mid-career personnel, and veteran executives

- Incubators help with accounting/financial management.
- They provide access to bank loans, loan funds, and guarantee programs.
- Incubators bring credibility to the company. This helps the company receive loans and credit facilities from financial institutions.
- Incubators help with presentation skills.
- They have a strong network of influential people who can connect startups/ventures with established businesses and individuals.
- They provide access to higher education resources.
- Incubators can tap into their networks of experienced entrepreneurs and retired executives.
- They link companies with strategic partners.

- They provide access to angel investors and venture capital.
- Business incubators organize comprehensive business training programs.
- They act as advisory boards and mentors.
- They help in management team identification.
- They offer marketing and PR assistance to new companies for brand establishment.
- They help with business etiquette.
- They provide technology commercialization assistance.
- They help with regulatory compliance.
- They provide intellectual property management.

Accelerators vs Incubators

- One of the big differences between accelerators and incubators is in how the individual programs are structured.
- Accelerator programs usually have a set timeframe in which individual companies spend anywhere from a few weeks to a few months working with a group of mentors to build out their business and avoid problems along the way.
- [Y Combinator](#), [Techstars](#), and the [Brandery](#) are some of the most well-known accelerators.